

FACT BOOK

DEFENSE ENERGY SUPPORT CENTER



Fiscal Year 2000

Twenty-third Edition



DEFENSE ENERGY SUPPORT CENTER

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FOREWORD

The Defense Energy Support Center Fact Book contains statistical information regarding the Center's business operations. The Fact Book reflects the Center's operational status at the end of fiscal year 2000 unless otherwise indicated. The intent is for the use of this publication as a source for general information purposes only. The Fact Book is not to be considered a source for official communications. We hope you will find it useful.

DEFENSE ENERGY SUPPORT CENTER

HISTORY:

The origin of the Defense Energy Support Center extends back to World War II. Originally it was an entity of the Department of Interior as the Army-Navy Petroleum Board. Its mission was to administer the critical petroleum requirements during World War II. In 1945, it was transferred to the War Department and became the Joint Army-Navy Purchasing Agency.

The Agency underwent several name changes but its mission remained essentially the same until 1962. At that time, it became a part of the consolidated military supply organization, the Defense Supply Agency, now known as the Defense Logistics Agency (DLA). The Center was designated the Defense Fuel Supply Center (DFSC) in 1964 as a single entity to purchase and manage the Department of Defense's petroleum products and coal.

In 1973, DFSC progressed from a wholesale fuel central procurement activity to a more comprehensive mission as the Integrated Materiel Manager (IMM) for the Department of Defense petroleum requirements. Under Phase I, DFSC added management of the acquisition, storage, distribution and sale of fuel with responsibility ending at the Service installation boundary. In 1991 Phase II began, which expanded DLA's ownership of bulk petroleum products to include most bulk storage installations. This effort was divided into two parts, Phase IIA which capitalized aviation fuel and Phase IIB which will capitalize all ground fuels.

Once Phase II is completed DLA will own all bulk petroleum product from the point of purchase until its final point of issue to power aircraft, ships, and ground equipment.

In 1990, the DFSC mission was expanded to include the supply and management of natural gas as well as the basic petroleum and coal products. Under this program, natural gas requirements were consolidated and centrally procured with a mission to provide direct supply natural gas to customers when determined more economical than using gas from a local distribution company.

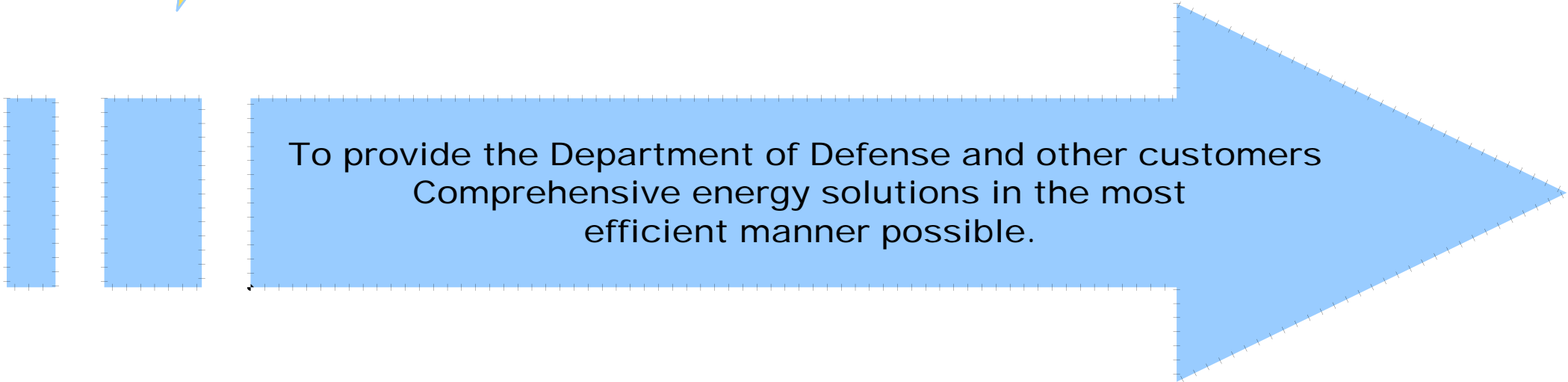
February 11, 1998 marked the beginning of a new chapter in the Center's history with a name change to Defense Energy Support Center. With it came a new mission to build an energy program aimed at moving the Department of Defense out of the management of energy infrastructure and into the management of energy products.

The initiative to deregulate electricity in CONUS added still another mission to DESC. As states deregulate, DESC pursues and awards contracts for electricity services to CONUS DoD and Federal Civilian Agency installations in the same manner as procurements for natural gas.

DESC, despite changes in organization structure and expanded mission, continues it's basic mission to support the warfighter and manage the energy sources of the future.



Defense Energy Support Center's Mission



To provide the Department of Defense and other customers
Comprehensive energy solutions in the most
efficient manner possible.

DEFENSE ENERGY SUPPORT CENTER

DIRECTOR'S UPDATE FOR FISCAL YEAR 2000

In Fiscal Year 2000, DESC continued to meet its customers' worldwide needs and provide high quality products and services. At the same time the Center expanded its efforts to achieve higher standards in reforming business processes and implementing the latest in technological advances. As the Center changed from managing energy infrastructure to managing energy products, it worked towards providing comprehensive energy solutions. Significant efforts in this area include: partnering with the energy industry and its customers and implementing the latest in information technologies. These efforts have resulted in DESC accomplishing its mission in the most efficient and economical manner. As part of its continuing efforts to expand electricity support, DESC awarded several new Energy Savings Performance Contracts (ESPC) to Department of Defense (DoD) customers.

The Center continued providing energy support to all customers. From the support of DoD contingency operations in such locations as Kosovo to support an ever increasing customer base in the electricity and natural gas markets, DESC has ensured delivery of the right product at the right time. The Center carried out its critical support of the warfighter overseas by providing the necessary fuel to U.S. Forces, NATO, and other allies.

During the second half of FY00, DESC expanded the fuel capitalization program originally started in 1992 under Phase IIA of Integrated Material Management. Phase IIB involves the capitalization of all ground fuels, non-capitalized jet fuels and DESC retail billing to the end-use customers. DESC capitalized over 100 sites from March to August 2000 and processed retail billings to numerous customers previously billed by the Military Services. DESC sponsored 4 capitalization conferences and numerous training sessions that trained over 150 people in preparation for capitalization. The elimination of retail billings previously performed via the Military Services' Fuel Working Capital Funds will facilitate the eventual closing of those accounts.

During Fiscal Year 2000, DESC expanded on its development of contractor-owned, contractor-operated automated fuel dispensing facilities to replace the antiquated motor pool fuel facilities and underground storage tanks on military installations. This initiative solved Service environmental compliance requirements while providing a significant cost savings to the government. Schofield Barracks, HI, and Fort Jackson, SC, have followed the lead of the facility in Fort Bragg, NC, and privatized their fuel dispensing operations. Many other sites are in the process of evaluation for possible conversion to contractor operations.

DEFENSE ENERGY SUPPORT CENTER

DIRECTOR'S PLAN FOR FISCAL YEAR 2001

During fiscal year 2001, DESC will continue to move toward its vision to be an efficient provider of total energy solutions. Our commitment is that DESC employees will continue the level of accomplishment that have made us truly effective in supporting the warfighter.

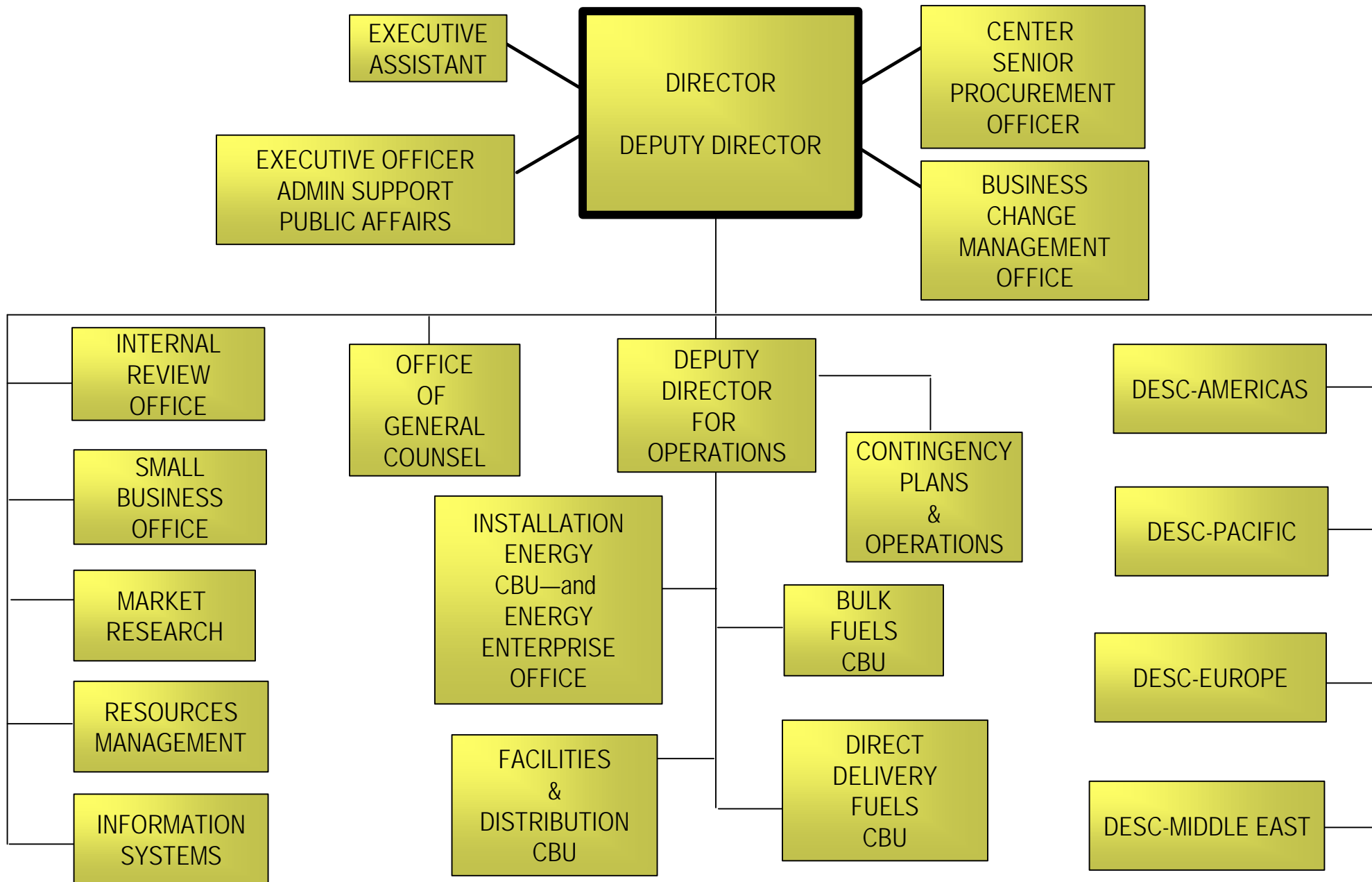
DESC will continue to implement the initiatives resulting in total energy management through the implementation of automation, privatization, and business process improvements. At the same time, we remain committed to provide the best support to America's military forces worldwide. During the next fiscal year, DESC will seek new opportunities to partner and team with the Military Services, other government agencies, and private industry to acquire and provide the customer with the best value product. One major effort in achieving these initiatives is DESC's leveraging private-sector investments and expertise to accomplish energy and cost-saving projects in federal facilities at no net cost to taxpayers through Energy Savings Performance-based Contracts (ESPC).

DESC is committed to improving logistics support by migrating industry best business practices and the latest capabilities in modern information technology, including e-commerce, data warehousing, and business-to-business (B2B) applications. We will further expand the use of Internet-based applications to enhance the retail mission and support the flow of information between DESC, our contractors, and customers. Expanding implementation of the Paperless Ordering & Receipt Transaction Screens, Powertrack, and other applications will move us in this direction. Further development and implementation of the latest capabilities in information technology will ensure even greater efficiency in future DESC operations.

DESC will continue capitalization efforts, concentrating on Air Force ground fuel and retail billing.

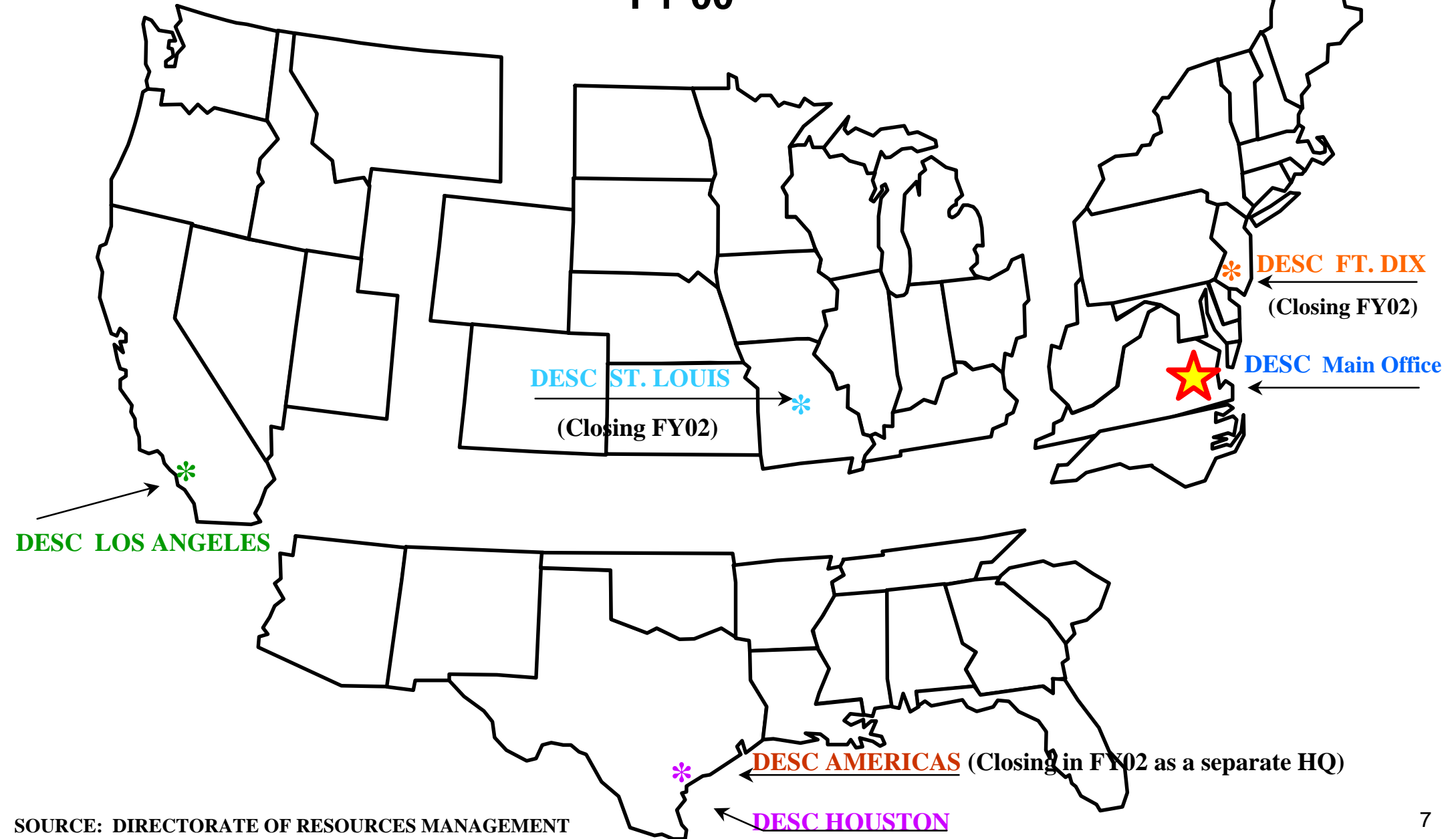
Our ultimate goal remains, as always, to ensure the most effective and economical energy support to the men and women of our Armed Forces.

DESC Organization



CONUS DEFENSE ENERGY REGION/OFFICES

FY 00



SOURCE: DIRECTORATE OF RESOURCES MANAGEMENT

BIOGRAPHY

JEFFREY A. JONES

Director, Defense Energy Support Center

As Director of the Defense Energy Support Center (DESC), Mr. Jeffrey Jones directs the Department of Defense organization responsible for purchasing and managing all petroleum resources used by the U.S. military. In addition, Mr. Jones guides the growing mission of total energy support by developing strategies to buy and sell deregulated electricity and natural gas to DoD and other federal agency customers. In his capacity as DESC's Director, Mr. Jones also directly supports DoD's initiative to privatize the military base infrastructure that distributes those utilities (in addition to lighting, heating, air conditioning and water/wastewater systems).

Mr. Jones assumed the DESC directorship in March 2000. He had served as Deputy Commander, Defense Logistics Support Command, since July 1997, and as the agency's Executive Director, Logistics Management, from June 1995 to July 1997.

From November 1992 until June 1995, Mr. Jones served as DoD's Assistant Deputy Under Secretary of Defense (Materiel and Resource Management Policy), presenting the department's views to Congress and the public. He also represented the United States internationally, including at NATO, and coordinated department programs for supply management and related activities.

From February through July 1993, Mr. Jones served as Acting Deputy Assistant Secretary of Defense (Logistics). From October 1992 through February 1993, Mr. Jones served as Director, Materiel and Resource Management Policy, concurrently serving as the department's Director, Energy Policy. From May 1992 through October 1992, Mr. Jones served as Acting Director, International Logistics.

Mr. Jones completed the resident National Security Course of the Industrial College of the Armed Forces in July 1984, moving to the Office of the Secretary of Defense immediately thereafter. Prior to ICAF, Mr. Jones served as the DESC (then the Defense Fuel Supply Center) Deputy Director, Supply Operations, with worldwide responsibilities for military petroleum supply and storage operations.

From 1979 to 1981, Mr. Jones held positions at Headquarters, U.S. Air Force, with responsibility for supply, equipment, property management and disposal policy. He joined the federal civil service in 1973 and, until 1979, served as a supply systems analyst with the Air Force, developing policies and systems for improved management, materiel and financial accounting.

BIOGRAPHY

CAPTAIN STUART D. FUNK

United States Navy Deputy Director, Defense Energy Support Center

In September 2000, Captain Stuart D. Funk reported as Deputy Director, Defense Energy Support Center. From June 1998 until September 2000, he commanded the Navy Petroleum Office, which is responsible for worldwide technical support of the Naval fuel mission. He has been designated as a subspecialist in petroleum management and operations analysis, and is a member of the Acquisition Professional Community (DAWIA Level III) as a result of his shore tours.

Captain Funk completed the Basic Course at the Navy Supply Corps School in Athens, Georgia, in 1976. His first sea duty assignment was aboard the USS MOUNT HOOD (AE-29) homeported in Concord, California. From 1977 until 1979, he served as the Assistant Supply Officer, with duties as the Disbursing Officer, Ship's Services Officer, and the Food Services Officer while making two WESTPAC deployments. His subsequent sea duty assignment was from 1981 to 1983 as the Supply Officer on the USS HAROLD E. HOLT (FF-1074), homeported in Pearl Harbor, Hawaii. During his tour, the USS HAROLD E. HOLT completed a WESTPAC deployment, as well as a regularly scheduled shipyard overhaul.

Captain Funk's shore assignments have included duty in the areas of fuel management and budget development. He served on the staff at CINCPACFLT in Pearl Harbor, Hawaii, from 1979 to 1981 as the Fleet Fuel Systems Officer and the Sub Area Petroleum Officer for the Mid Pacific. From 1985 through 1988, he was the Requirements Division Officer at the Navy Petroleum Office, Cameron Station, Virginia.

After completion of the Program Manager's Course at the Defense Systems Management College in 1988, he reported to the Naval Air Systems Command for duty as the Deputy Program Manager for Business and Financial Management on the Airborne Self-Protection Jammer (ASPJ) program (PMA-272). He was assigned to the U.S. European Command in Stuttgart, Germany from 1991 to 1994, serving in the Joint Petroleum Office as the Staff Petroleum Officer for plans and theater reserves. From 1995 to 1998, he served as the Support and Infrastructure Analyst in the Navy Assessment Division (N81), which is responsible for management of the Navy's long-range budget and requirements assessment process.

Captain Funk graduated from the U.S. Naval Academy in 1976 with a bachelor of science degree in Aerospace Engineering. In December 1984, he earned a master of science degree in Petroleum Management from the University of Kansas. He also earned a master's degree in National Security Studies from the Naval War College in 1995, and completed the Advanced Management Program at the University of North Carolina, Chapel Hill in 1999.

Captain Funk's personal decorations include the Defense Meritorious Service Medal (2 awards), the Meritorious Service Medal (2 awards), the Navy Commendation Medal, and the Navy Achievement Medal.

BIOGRAPHY

COLONEL JACK L. VANCE

**United States Army
Deputy Director, Operations
Defense Energy Support Center**

Colonel Jackie (Jack) L. Vance received his commission in the United States Army and initial Quartermaster Corps officer training in 1977, following his graduation from the University of Arkansas with a Bachelor of Business Administration degree. In his first assignment, the Houston, Mississippi native served as Platoon Leader, 6th Air Cavalry Combat Brigade at Ft. Hood, Texas.

Following advanced Quartermaster Officer training at Ft. Lee, Virginia Colonel Vance served as Commander, Central Operations District (PDSK) at Camp Humphreys, Korea from October 1981 to October 1982. He commanded the 549th Quartermaster Company at Ft. Story, Virginia from October 1982 to June 1985, and spent the following year training with the Sun Oil Company in the Training with Industry program. Colonel Vance served as Commander, Defense Fuel Region – Alaska at Elmendorf Air Force Base, Alaska from June 1986 to July 1989, after which he attended the Command and General Staff College at Ft. Leavenworth, Kansas.

Colonel Vance served as Joint Petroleum Officer, U.S. Central Command, McDill Air Force Base, Florida from July 1990 to June 1993. He then served as Logistics Officer (G4) at 3rd Corps Support Command in Wiesbaden, Germany from July 1993 to June 1995. Colonel Vance assumed command of the Defense Fuel Region – Middle East, serving in Bahrain from July 1995 to July 1997. He served as a Staff Officer at Headquarters, Department of the Army, Office of the Deputy Chief of Staff from July 1997 to July 1998. Following his Pentagon tour, Colonel Vance studied for a year at the Industrial College of the Armed forces at Ft. McNair in Washington, DC.

Colonel Vance came to the Defense Energy Support Center in August 1999, where he directed Joint Plans and Operations until December 1999, when he became the Agency's Deputy Director, Operations.

Colonel Vance's military awards and decorations include the Bronze Star, three awards of the Defense Meritorious Service Medal, two Army Meritorious Service Medals, three Army Commendation Medals, the Joint Service Achievement Medal and two Joint Meritorious Unit Awards.

Colonel Vance holds a Master of Science degree in National Resource Strategy from the National Defense University, as well as a Master of Science in Administration from Central Michigan University in Kansas City, Missouri.

ENERGY SUMMARY

(In Millions of Dollars)

FY 2000

	PURCHASES AT COST	\$4,591.5 (1)
	NET SALES	\$3,002.6 (2)
	ENDING INVENTORY	\$2,483.6 (3)

(1) Includes Expenses for Petroleum, Natural Gas, Electricity, Federal Excise Tax, Transportation, Facilities, DESC Operations, Corporate Overhead.

(2) Includes Net Sales for Petroleum, Natural Gas, and Electricity

(3) Includes Petroleum Inventory

SOURCE: DIRECTORATE OF RESOURCES MANAGEMENT



MILITARY AND CIVILIAN END STRENGTHS AS OF 30 SEPTEMBER 2000



	MILITARY		CIVILIAN	
	AUTHORIZED	ON BOARD	AUTHORIZED	ONBOARD
FY 96	81	76	681	661
FY 97	81	74	654	633
FY 98	82	71	658*	607
FY 99	81	72	649	595
FY00	76	64	610	599

SOURCE: CIVILIAN DATA - DIRECTORATE OF RESOURCES MANAGEMENT

OPERATIONS PROGRAM

(\$ IN MILLIONS)

	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>
CIVILIAN PAY	\$37.7	\$38.6	\$40.3
MILITARY PAY	5.1	8.3	5.8
NON-LABOR	68.6*	61.8*	72.3*
TOTAL	\$111.4	\$108.7	\$118.4
<i>Average Cost Per Work Year (\$actual)</i>			
	\$60,500	\$64,820	\$67,062

* INCLUDES BOSNIA SUPPORT AND COSTS FOR THE FUELS AUTOMATED SYSTEM (FAS)

STATEMENT OF FINANCIAL CONDITIONS

BULK FUEL CATEGORY

(Millions of Dollars)

<u>ASSETS:</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
Accounts Receivable	92.3	143.1	103.6
Claims Receivable	3.5	2.7	1.4
Inventories	1,224.0	1,665.5	2,483.6
Undistributed Collections	<30.7>	2.6	<8.7>
Progress Payments	14.3	0	0
<u>TOTAL ASSETS</u>	1,303.4	1,813.9	2,579.9
<u>LIABILITIES:</u>			
Accounts Payable	310.9	496.8	564.0
Undistributed Disbursements	<123.2>	62.7	<110.9>
Other Liabilities	0.6	0.7	1.2
TOTAL LIABILITIES	188.3	434.8	454.3
<u>CAPITAL:</u>			
Cash Allocation	<2,344.7>	<3,434.6>	<2,125.9>
Capitalized Inventories	467.5	467.5	470.0
Decapitalized Inventories	<3.7>	<3.7>	<3.7>
Other Liabilities Capitalized	2,334.8	2,357.1	2,377.9
Accumulated Operating Results	661.2	1,982.8	1,407.3
TOTAL CAPITAL	1,115.1	1,379.1	2,125.6
TOTAL LIABILITIES AND CAPITAL	1,303.4	1,813.9	2,579.9

SOURCE: DEFENSE FINANCE AND ACCOUNTING SERVICE (DFAS-CO-TAFEG)

STATEMENT OF SALES

PETROLEUM, NATURAL GAS AND ELECTRICITY

(In Millions of Dollars)

<u>PRODUCT:</u>	FY98	FY99	FY00
U.S. ARMY	\$266.5	\$243.1	\$185.6
U.S. NAVY	1,675.8	1,547.3	1,160.9
U.S. AIR FORCE	2,476.9	2,286.3	1,652.7
U.S. MARINE CORPS	31.0	27.8	33.1
OTHER DoD	17.4	13.5	9.7
TOTAL DoD	\$4,467.6	\$4,118.0	\$3,042.0
OTHER GOVERNMENT AGENCIES	\$85.0	\$78.4	\$83.1
SUBTOTAL	\$4,552.6	\$4,196.4	\$3,125.1
FOREIGN GOVERNMENTS	0	0	1.6
DoD CONTRACTORS	0	30.0	0.3
UNIDENTIFIED ISSUES	0	0	0
TOTAL GROSS SALES	\$4,552.6	\$4,226.4	\$3,127.0
<u>LESS:</u>			
PRICE REDUCTION ON SALES	\$2.9	\$21.3	\$0.1
MATERIAL RETURNS CREDITS APPLIED	225.4	171.4	124.2
NET SALES	\$4,324.3	\$4,033.7	\$3,002.7

PETROLEUM, NATURAL GAS AND ELECTRICITY NET SALES BY CATEGORY

PETROLEUM (<i>Thousands of Barrels</i>)			
<u>BULK CATEGORY</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
AVGAS	0	0	0
DISTILLATES & DIESEL	18,097	18,594	16,578
GASOHOL	0	0	0
JP-4,JAB,JAA,JA1	1,275	400	122
JP-5	17,684	16,207	15,745
JP-8	63,951	66,711	64,290
LUBE OILS	27	26	27
MOGAS (<i>LEADED & UNLEADED</i>)	561	505	588
RESIDUALS	17	8	0
BULK SUBTOTAL	101,612	102,451	97,350
INTO-PLANE CATEGORY	3,344	3,691	3,440
PC&S CATEGORY	4,774	3,712	4,180
BUNKERS CATEGORY	2,608	2,597	2,730
TOTAL PETROLEUM	112,338	112,451	107,700
NATURAL GAS (<i>Thousands of Dekatherms</i>)	28,000	25,000	28,000
ELECTRICITY (<i>Thousands of Megawatthours</i>)		1,406	1,374

PETROLEUM, NATURAL GAS AND ELECTRICITY COST

PETROLEUM (<i>Millions of Dollars</i>)			
<u>BULK CATEGORY</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
AVGAS	\$0	\$0	\$0
DISTILLATES & DIESEL	332.5	314.1	483.4
GASOHOL	0	0	0
JP-4,JAB,JAA,JA1	46.8	23.8	6.5
JP-5	327.1	347.0	529.8
JP-8	1,282.5	1,419.1	2,139.3
LUBE OILS	2.0	2.5	2.8
MOGAS (<i>LEADED & UNLEADED</i>)	12.8	10.6	22.2
RESIDUALS	1.6	3.7	5.9
BULK SUBTOTAL	2,005.3	2,120.8	3,189.9
INTO-PLANE CATEGORY	126.0	128.4	171.1
PC&S CATEGORY	89.9	81.7	150.5
BUNKERS CATEGORY	58.6	52.9	92.4
TOTAL PETROLEUM	\$2,279.8	\$2,383.8	\$3,603.9
NATURAL GAS	\$70.0	\$79.2	\$92.2
ELECTRICITY			\$97.9

PETROLEUM, NATURAL GAS AND ELECTRICITY PURCHASES BY CATEGORY

PETROLEUM (<i>Thousands of Barrels</i>)			
<u>BULK CATEGORY</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>
AVGAS	0	0	0
DISTILLATES & DIESEL	16,480	16,068	15,546
GASOHOL	0	0	0
JP-4,JAB,JAA,JA1	1,435	728	118
JP-5	15,989	16,665	15,399
JP-8	61,160	68,551	61,740
LUBE OILS	24	28	27
MOGAS (<i>LEADED & UNLEADED</i>)	540	526	604
RESIDUALS	136	271	246
BULK SUBTOTAL	95,764	102,837	93,680
INTO-PLANE CATEGORY	3,336	3,684	3,440
PC&S CATEGORY	3,774	3,709	4,250
BUNKERS CATEGORY	2,608	2,532	2,730
TOTAL PETROLEUM	105,482	112,762	104,100
NATURAL GAS (<i>Thousands of Dekatherms</i>)	27.8	25.4	28.0
ELECTRICITY (<i>Megawatts</i>)			1,230

NUMBER OF WHOLESALE TERMINALS STORING GOVERNMENT-OWNED FUEL FY 00

TYPE OF OPERATION	ARMY	NAVY	AIR FORCE	DLA	TOTAL
GOVERNMENT-OWNED GOVERNMENT-OPERATED (GOGO)	96	34	175	0	305
GOVERNMENT-OWNED CONTRACTOR-OPERATED (GOCO)	0	21	24	16*	61
CONTRACTOR-OWNED CONTRACTOR-OPERATED (COCO)	0	0	14	27	41
NORTH ATLANTIC TREATY ORGANIZATION (NATO)	0	4	0	7	11
COMMERCIAL PIPELINE	0	0	0	36	36
FLOATING STORAGE	1	18	0	0	19
FOREIGN GOVERNMENT (FG)	0	0	0	13	13
TOTAL	97	77	213	99	486

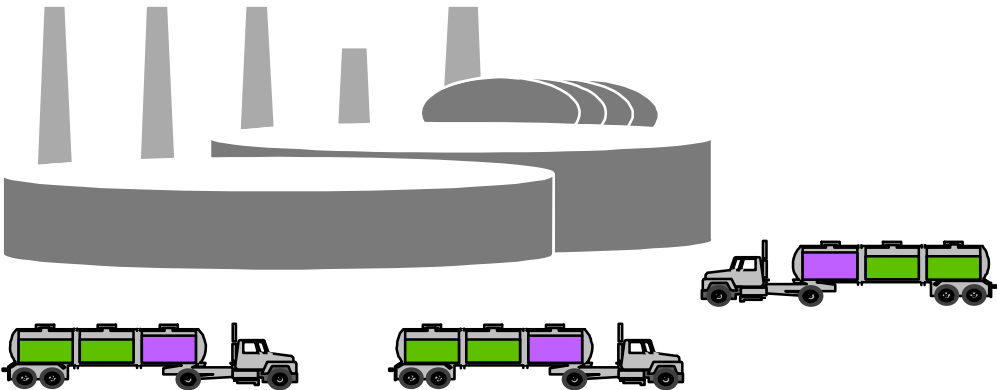
Note: Defense Fuel Support Points as of September 30, 2000

*** Includes 3 Service-Managed, DLA-funded GOCOs**

GOCOs in caretaker status during environmental cleanup not included in numbers

DLA MANAGED STORAGE CONTRACTS

FY 00

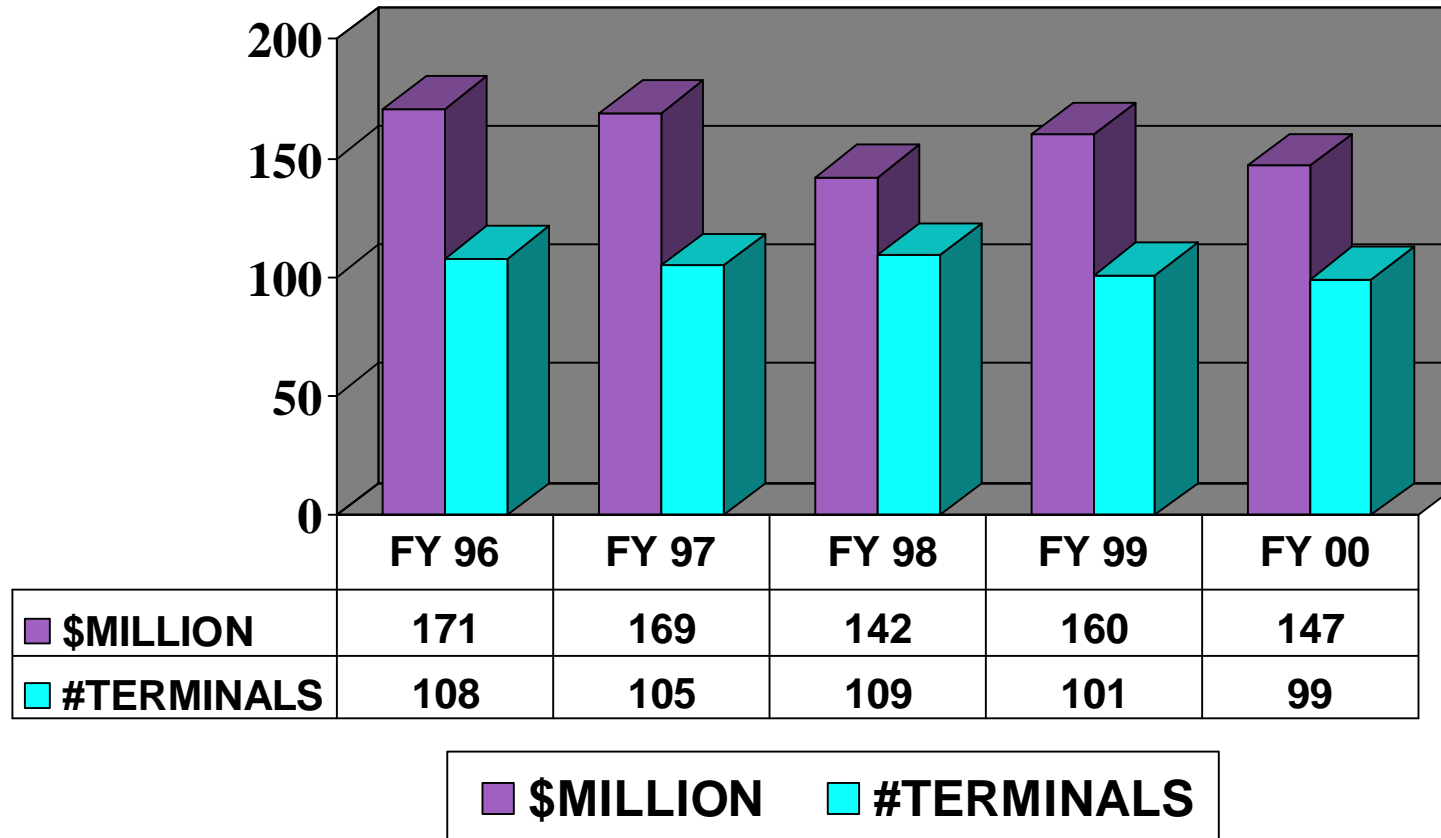


OCONUS			CONUS	
	NUMBER OF CONTRACTS	BARRELS (Storage Capacity)	NUMBER OF CONTRACTS	BARRELS (Storage Capacity)
COCO	10	8,530,057	14	3,789,375
GOCO	7	1,518,905	7	5,575,314

SOURCE: FACILITIES AND DISTRIBUTION MANAGEMENT COMMODITY BUSINESS UNIT

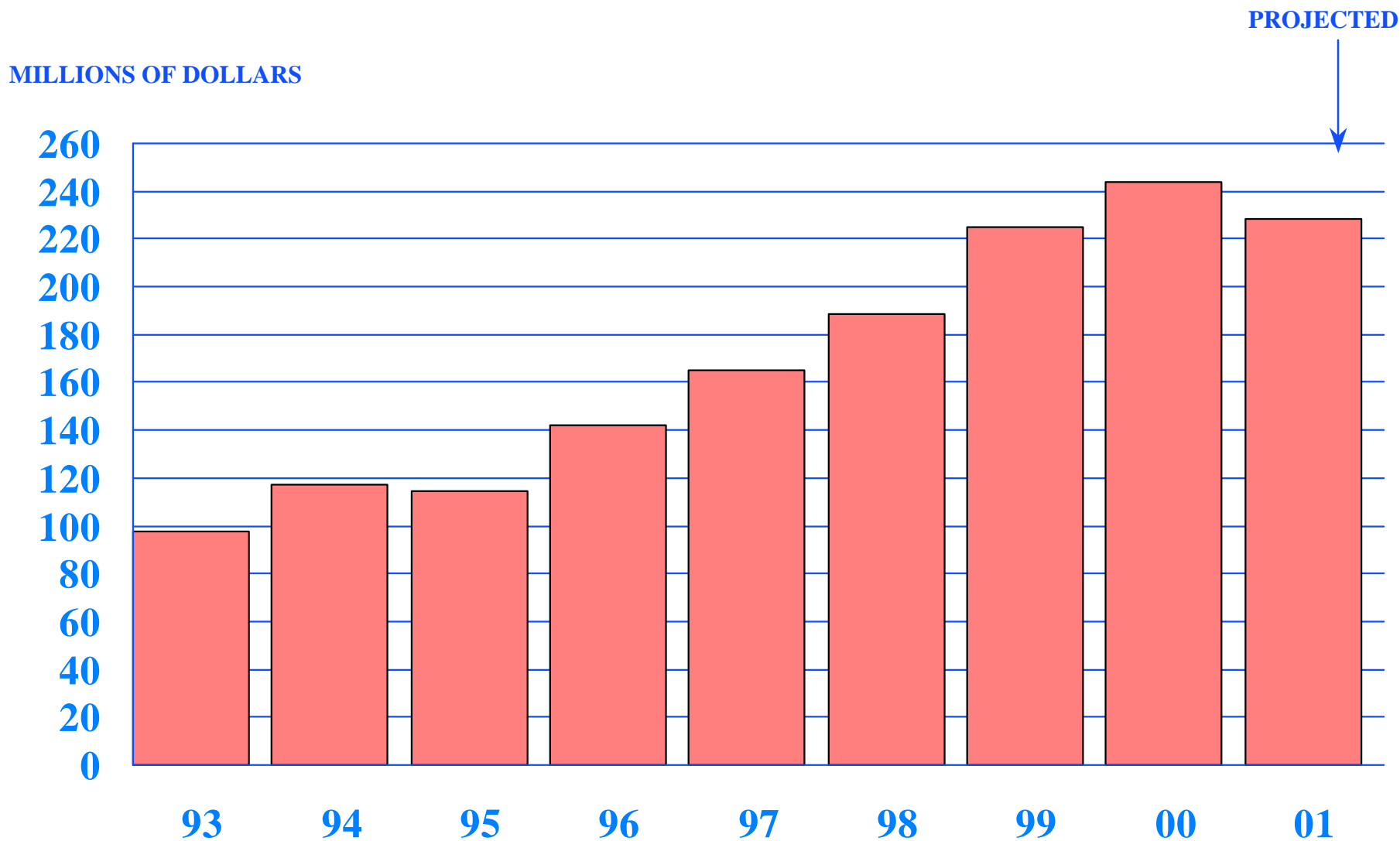
*FIGURES REPRESENT ACTUAL CONTRACTS (NOT TERMINALS)

COST OF STORAGE/DISTRIBUTION SERVICES GOGO/GOCO/COCO/FG/NATO



SOURCE: FACILITIES AND DISTRIBUTION MANAGEMENT COMMODITY BUSINESS UNIT

MAINTENANCE, REPAIR, AND ENVIRONMENTAL COSTS



SOURCE: FACILITIES AND DISTRIBUTION MANAGEMENT COMMODITY BUSINESS UNIT

AUTOMATED FUEL DISPENSING FACILITIES CONTRACT COSTS FY 00 (\$ IN MILLIONS)

FORT BRAGG, NC

- JP-8 & MOGAS-INITIAL 5 YR PERIOD: \$4.2

SCHOFIELD BARRACKS, HI

- JP-8, DIESEL & MOGAS-INITIAL 5 YR PERIOD: \$4.7

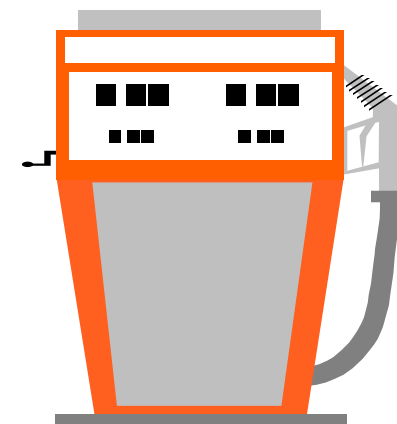
29 PALMS, CA

- JP-8, DIESEL & MOGAS-INITIAL 5 YR PERIOD: \$10.4

FORT JACKSON, SC

- DIESEL & MOGAS-INITIAL 5 YR PERIOD: \$2.1

All contracts are written for five years with three five year options.



FY 00 TRANSPORTATION-CONUS

NUMBER OF BARRELS SHIPPED (MILLIONS OF BARRELS)

DEO	TRUCK	RAIL	PIPELINE	BARGE*	TOTAL
HOUSTON	4.9	0.4	27.9	4.6	37.8
ST. LOUIS	3.0	0	3.3	0	6.3
FORT DIX	1.6	2.0	3.3	7.3	14.2
LOS ANGELES	0.9	0	11.1	0.9	12.9
TOTAL	10.4	2.4	45.6	12.8	71.2

*Includes contract truck and barge

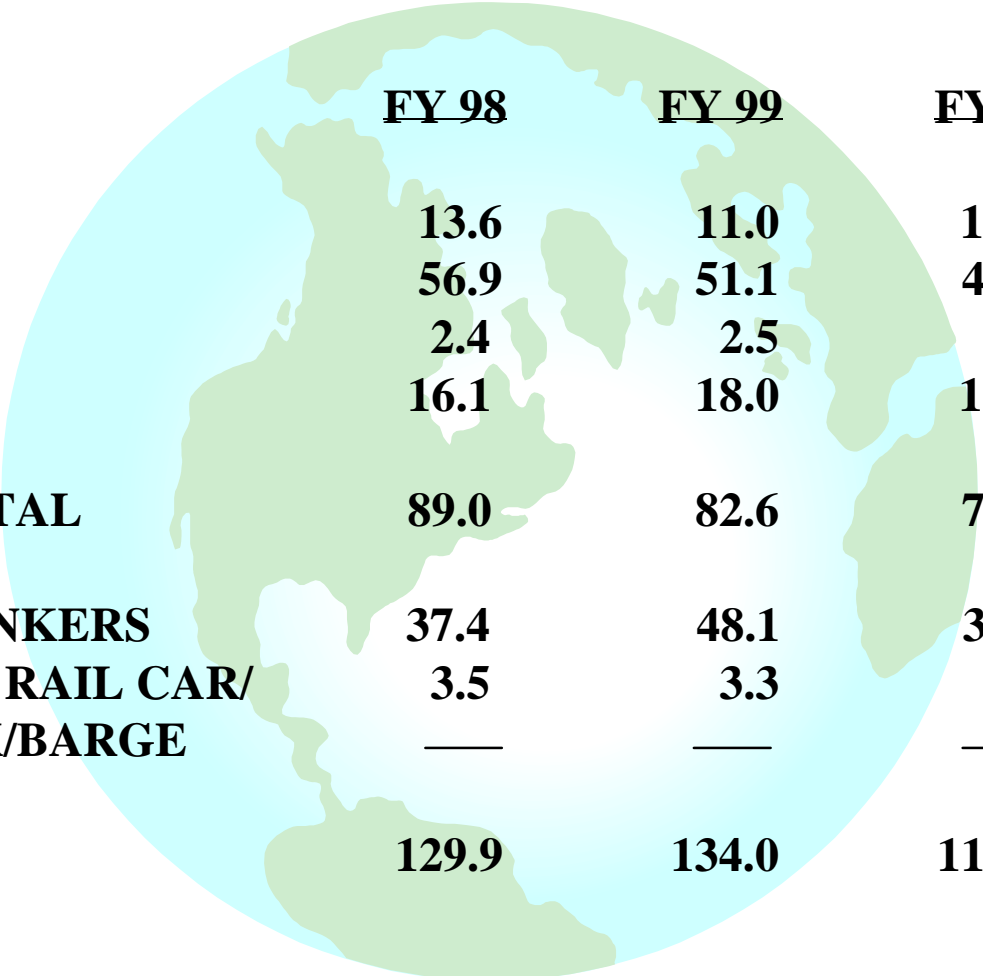
NUMBER OF SHIPMENTS

DEO	TRUCK*	RAIL	PIPELINE	BARGE*	TOTAL
HOUSTON	21,669	849	720	138	23,376
ST. LOUIS	11,496	0	272	0	11,768
FORT DIX	7,753	4,281	110	547	12,691
LOS ANGELES	5,911	0	544	78	6,533
TOTAL	46,829	5,130	1,646	763	54,368

* Includes contract truck and barge



WORLDWIDE TRANSPORTATION (MILLIONS OF BARRELS)



	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>
BARGE	13.6	11.0	12.8
PIPELINE	56.9	51.1	45.6
RAIL	2.4	2.5	2.4
TRUCK	16.1	18.0	10.4
CONUS TOTAL	89.0	82.6	71.2
OCEAN TANKERS	37.4	48.1	39.7
OVERSEAS RAIL CAR/ TRUCK/BARGE	—	—	—
TOTAL	129.9	134.0	115.0

SOURCE: BULK FUELS COMMODITY BUSINESS UNIT

WORLDWIDE BULK FUEL PETROLEUM TRANSPORTATION EXPENSE (\$ IN MILLIONS)

PRODUCT	FY 98	FY 99	FY00
AVGAS	\$ 0	\$ 0	\$ 0
DISTILLATES & DIESEL	9.2	49.7	41.2
JP-4, JAA, JA1	.8	2.0	0.2
JP-5	21.0	51.4	42.0
JP-8	76.5	213.1	166.0
LUBE OILS	0	.1	0.1
MOGAS (LEADED & UNLEADED)	1.7	1.5	1.6
RESIDUALS	<u>0.3</u>	<u>0.6</u>	<u>0.0</u>
TOTAL	\$109.5*	\$318.4	\$252.1**

* The FY98 total figure of \$109.37 represents actual transportation expenditures of \$244.33 less de-obligations of \$134.96.

** Large decrease in MSC rates

SOURCE: DIRECTORATE OF RESOURCES MANAGEMENT - FINANCIAL RECORDS

DEMURRAGE COLLECTED

(\$ IN MILLIONS)

FISCAL YEAR	TOTAL	FISCAL YEAR	TOTAL
2000	\$ 3.1	1994	\$ 0.6
1999	\$ 1.3	1993	\$ 1.3
1998	\$ 4.2	1992	\$ 3.2
1997	\$ 2.0	1991	\$ 1.4
1996	\$ 1.2	1990	\$ 1.9
1995	\$ 1.8	1989	\$ 2.4

SOURCE: BULK FUELS COMMODITY BUSINESS UNIT

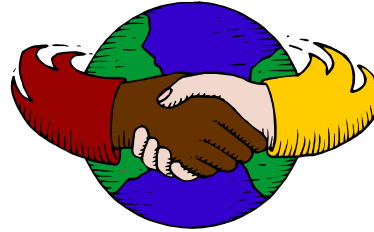
WORLDWIDE BULK FUEL ENDING INVENTORY (MILLIONS OF BARRELS AND DOLLARS)

PRODUCT	FY 98		FY 99		FY00	
	BARRELS	DOLLARS	BARRELS	DOLLARS	BARRELS	DOLLARS
AVGAS	0	\$ 0	0	\$ 0	0	\$ 0
DISTILLATES & DIESEL	9.9	221.1	7.0	179.2	7.1	\$302.4
JP-4	1.8	63.2	1.8	76.2	1.8	\$104.9
JP-5	15.6	288.0	14.6	403.3	13.7	\$608.6
JP-8	28.6	539.2	29.9	806.0	28.2	\$1,263.4
LUBE OILS	14.0	1.0	27.0	3.0	20.0	\$2.3
MOGAS (LEADED & UNLEADED)	0.2	6.0	0.2	7.0	0.2	\$10.2
RESIDUALS	0.1	.6	0.1	1.6	35	\$1.0
ADDITIVES*	11	0	13.0	0	13.0	0
TOTAL ON-HAND	56.2	1,119.1	53.6	1,475.2	51.0	\$2,292.8
TOTAL IN TRANSIT	3.2	104.9	4.9	190.3	3.3	\$190.8
TOTAL	59.4	\$1,224.0	58.5	\$ 1,666.6	54.3	\$2,483.6

* Cost of additives included in cost of fuel

SOURCE: DIRECTORATE OF RESOURCES MANAGEMENT - FINANCIAL RECORDS

INTERNATIONAL AGREEMENTS FY 00 (\$ IN MILLIONS)



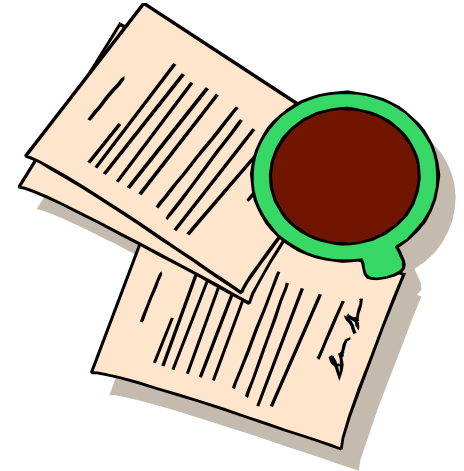
<u>REGION</u>	<u>#AGREEMENTS</u>	<u>ANNUAL COST (estimated)</u>
DESC-EUROPE	14	\$34.2
DESC-MIDDLE EAST	2	\$8.9
DESC-PACIFIC	2	\$7.8
DESC-AMERICAS	1	\$10.3
TOTAL	19	\$61.2

CONTRACT INTRODUCTION

FY 00

NATURE OF DESC PETROLEUM PRODUCT CONTRACTS

- ✍ Contracts are requirements and indefinite quantity type contracts.
- ✍ Minimum/maximum quantities are defined in the indefinite quantity contracts.
- ✍ Minimum/maximum delivery order limitations are defined in both types of contracts.
- ✍ Fuel is called forward through delivery orders.
- ✍ Contracts contain price adjustment clauses.
- ✍ Contract prices are indexed to market price indicators.
- ✍ All indicators are carefully selected and tested by the DESC Market Research and Analysis Office.
- ✍ Contract prices are adjusted upward or downward as indicators rise or fall.
- ✍ DESC pays the contract price in effect on the date of delivery, or as otherwise adjusted in the contract price.



CONTRACT DATA

FY 00

	DOLLARS MILLIONS	AWARD ACTIONS	LINE ITEMS
BULK FUEL DIVISION			
DOMESTIC	\$2,358.5	60	150
OVERSEAS	724.0	23	40
BULK LUBES	10.6	6	68
BULK FOREIGN MILITARY SALES	0	0	0
CRUDE OIL	0	0	0
GROUND FUELS DIVISION			
DOMESTIC	592.3	341	3032
OVERSEAS	292.0	54	508
DIRECT DELIVERY FUELS			
INTO-PLANE	119.5	76	223
BUNKERS	33.4	21	47
SPECIAL ACQUISITIONS DIVISION			
STORAGE	13.9	25	203
ALONGSIDE AIRCRAFT REFUELING	5.1	6	27
UTILITIES	0	0	0
TESTING/SERVICES/FMS	60.1	92	259
ALTERNATIVE FUELS DIVISION			
NATURAL GAS	136.5	27	42
COAL	31.1	14	25
ELECTRICITY	108.9	30	230
TOTAL	\$4,485.6	775	4,854

FY00
TOP TEN DESC PETROLEUM CONTRACTORS
(\$ IN MILLIONS)

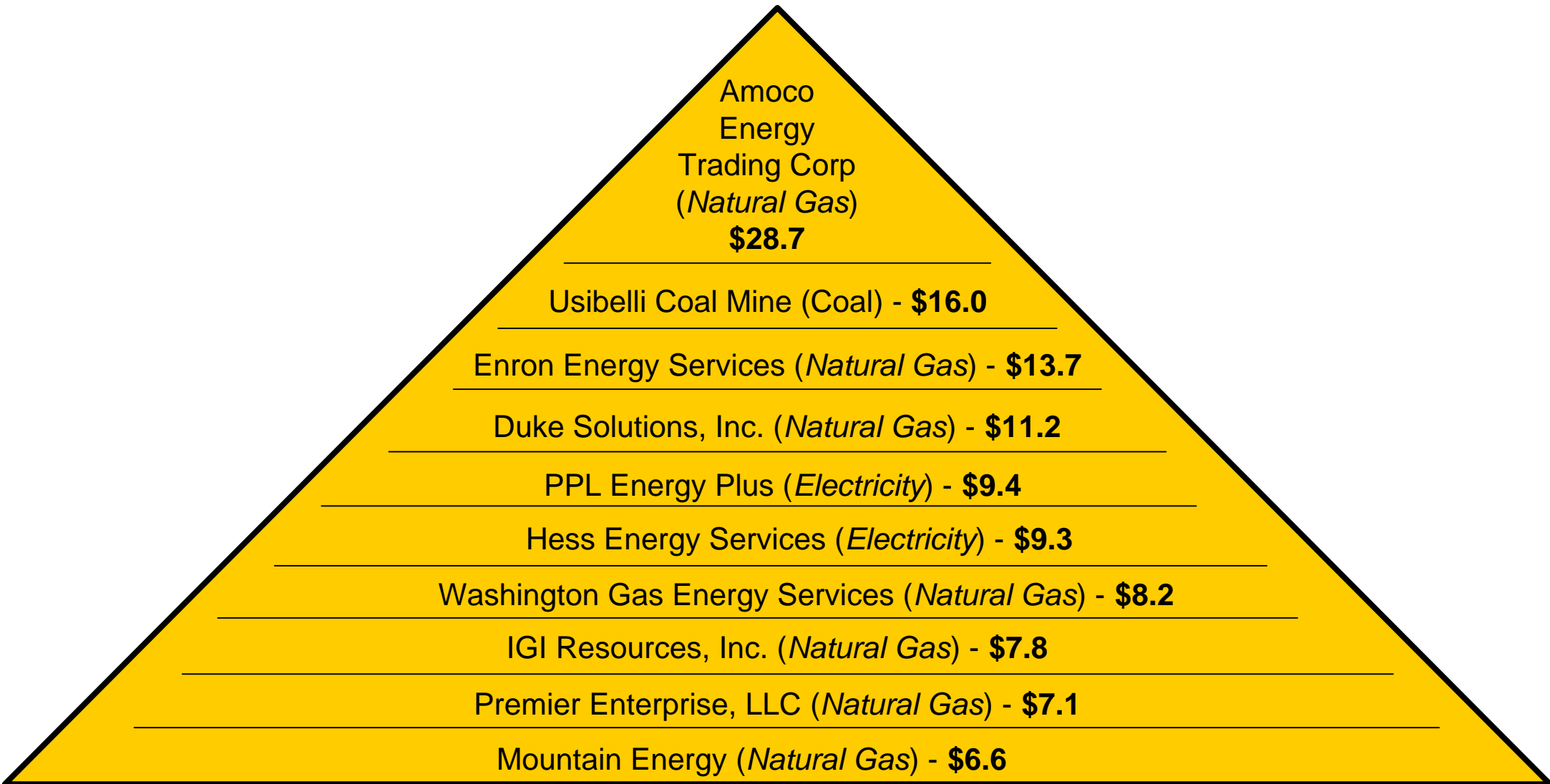
	<u>AWARD AMOUNT</u>	<u>PERCENT OF TOTAL CONTRACT \$</u>
EQUILON ENTERPRISES	\$ 264.9	6.5%
ARCO PRODUCTS	236.0	5.8%
EXXON CORPORATION	160.9	4.0%
MOTOR OIL HELLAS	148.4	3.7%
MOBIL OIL CORPORATION	135.5	3.3%
CONOCO INC	128.6	3.2%
NAVAJO	121.0	2.9%
VALERO REFINING COMPANY	108.4	2.6%
COASTAL ARUBA REFINING CO	102.2	2.5%
TESORO HAWAII CORPORATION	<u>86.6</u>	<u>2.1%</u>
TOTAL	\$1,492.5	36.6%

ESTIMATED TOTAL PETROLEUM WORLDWIDE \$4,065.7

REPRESENTS CONTRACT AWARD DATA FOR FY 00

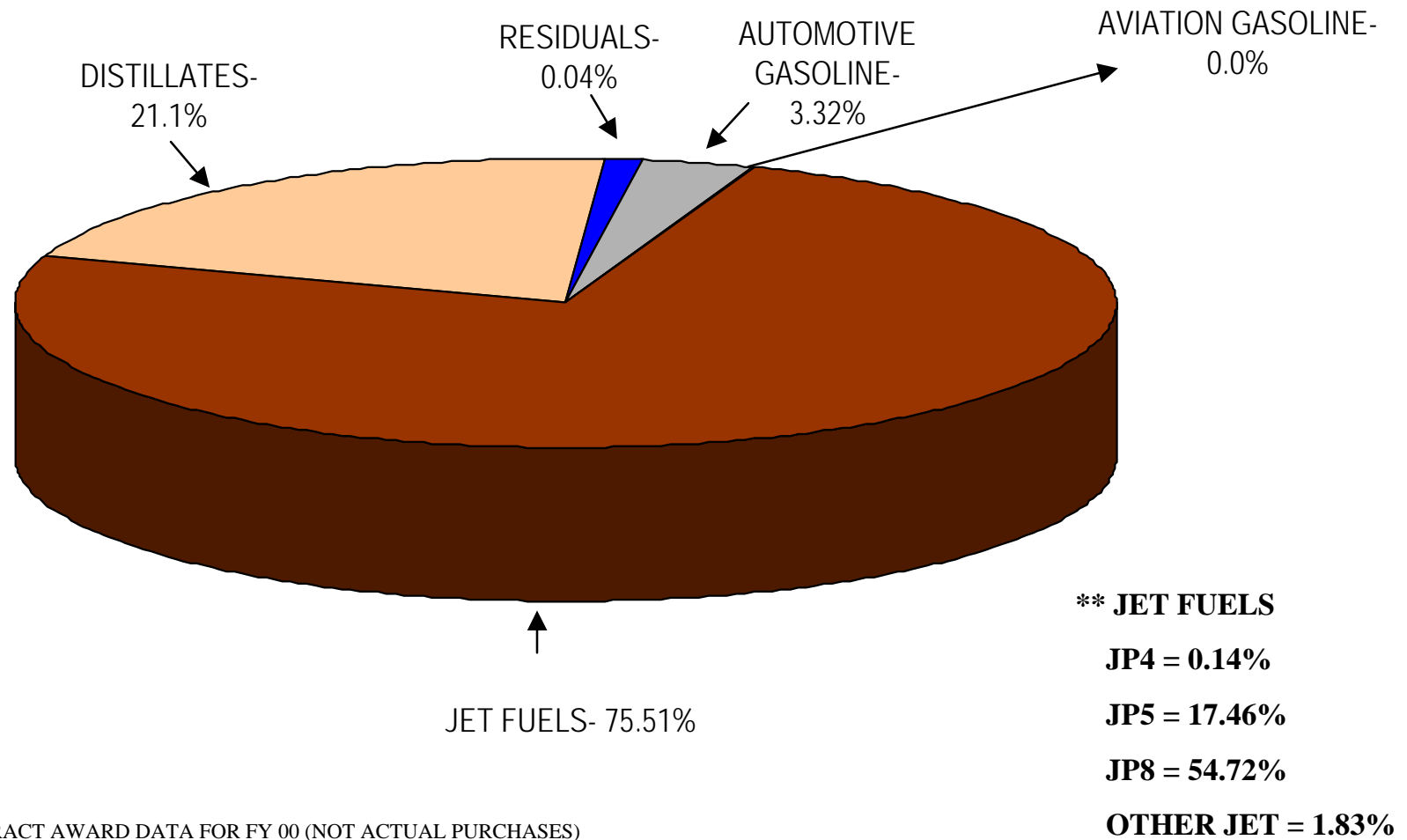
SOURCE: Procurement Planning and Support Division, Procurement Oversight Branch

FY 00
TOP TEN *INSTALLATION ENERGY CONTRACTORS
(\$ IN MILLIONS)



* Name changed from Alternative Fuels to Installation Energy.

DESC PETROLEUM PROCUREMENT 104.2 MILLION BARRELS FY 00



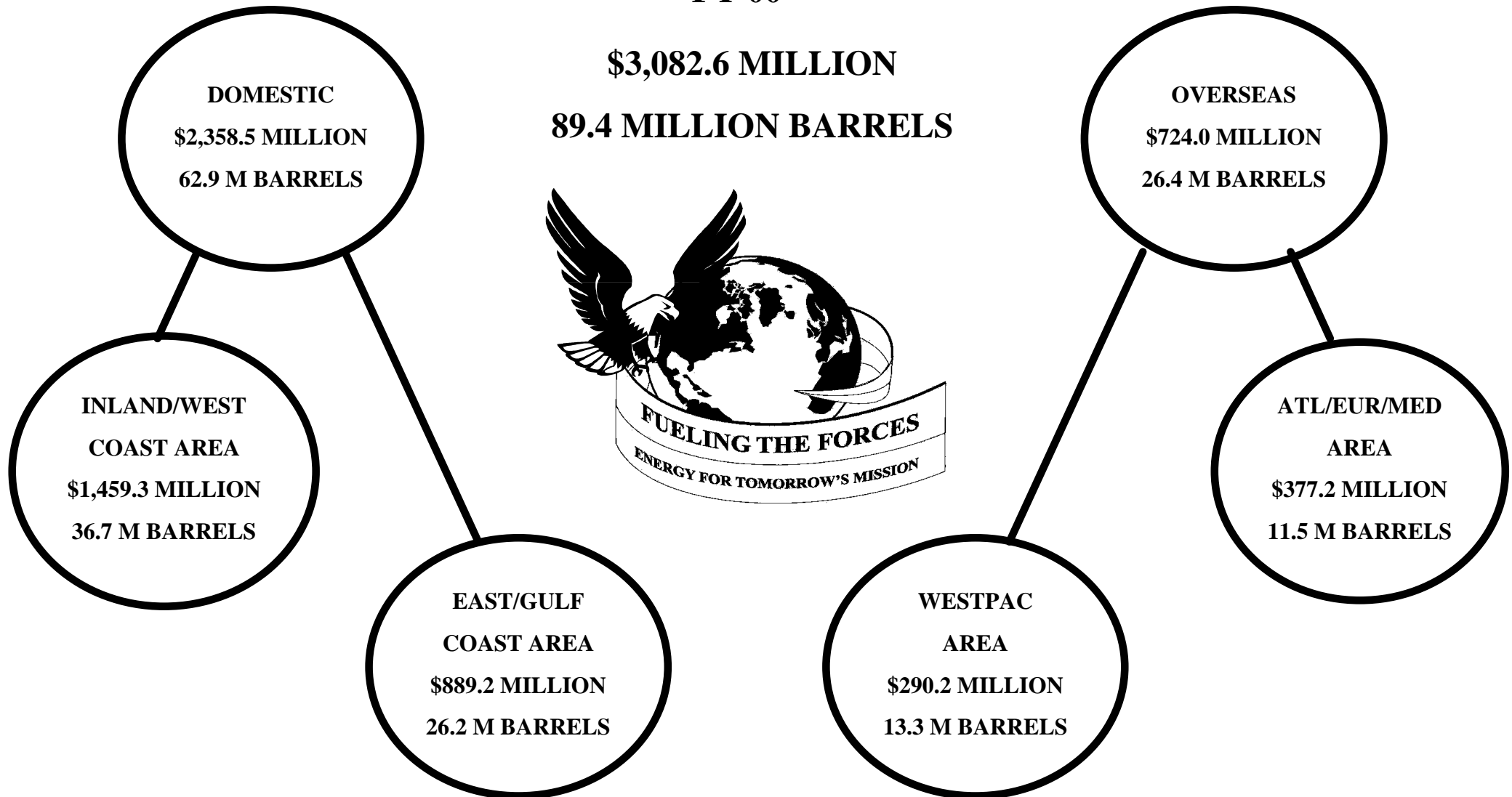
FIGURES REPRESENT CONTRACT AWARD DATA FOR FY 00 (NOT ACTUAL PURCHASES)

SOURCE: Procurement Planning and Support Division, Procurement Oversight Branch

DESC PETROLEUM PROCUREMENT

BULK FUELS DIVISION

FY 00



FIGURES REPRESENT CONTRACT AWARDS IN FY 00 (NOT ACTUAL PURCHASES)

SOURCE: Procurement Planning and Support Division, Procurement Oversight Branch

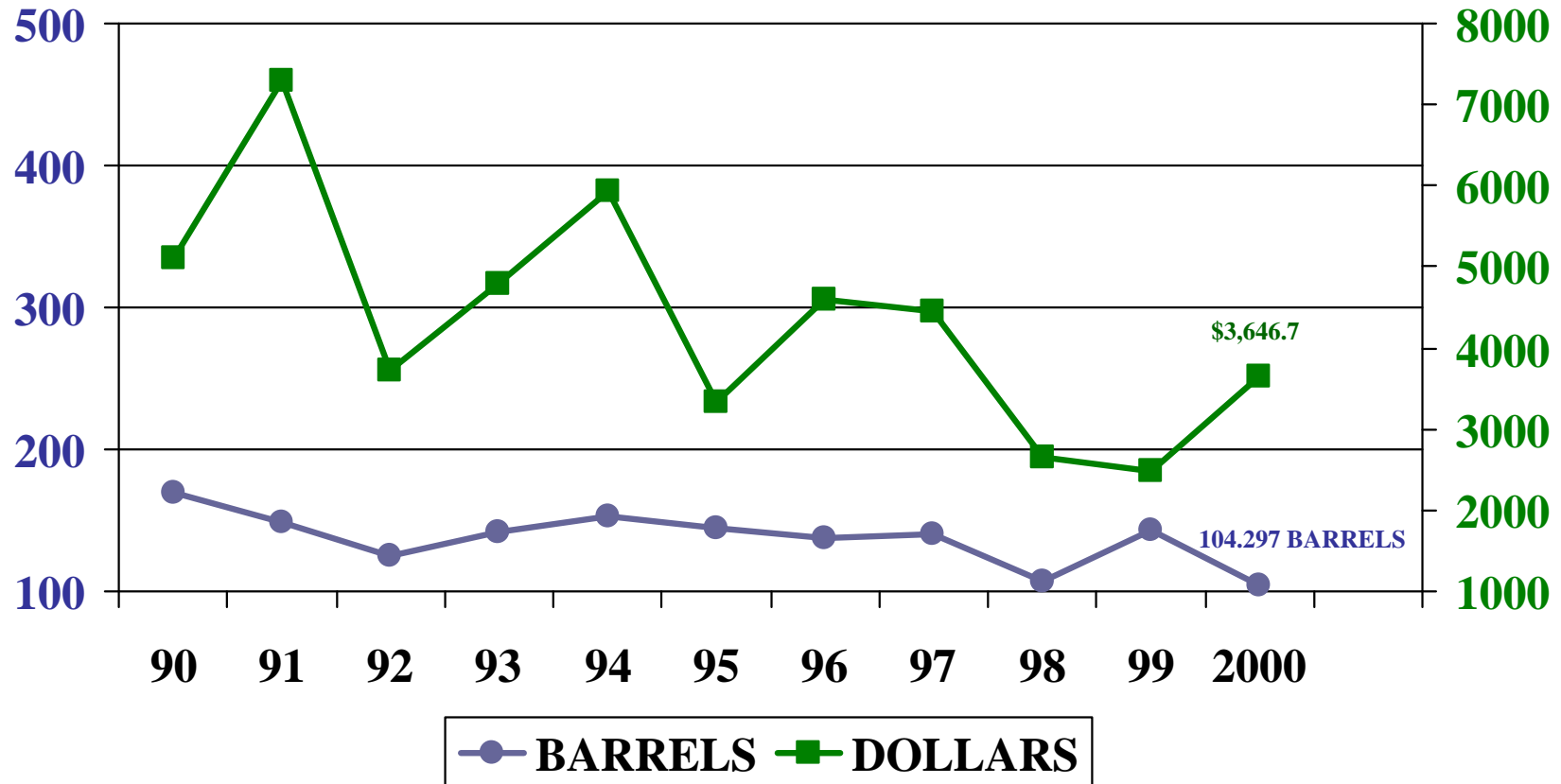
DESC PROCUREMENT FY90 – FY00

PETROLEUM PURCHASES

BARRELS

QUANTITY AND COST IN MILLIONS

DOLLARS



REPRESENTS CONTRACT AWARD DATA FOR FY 00

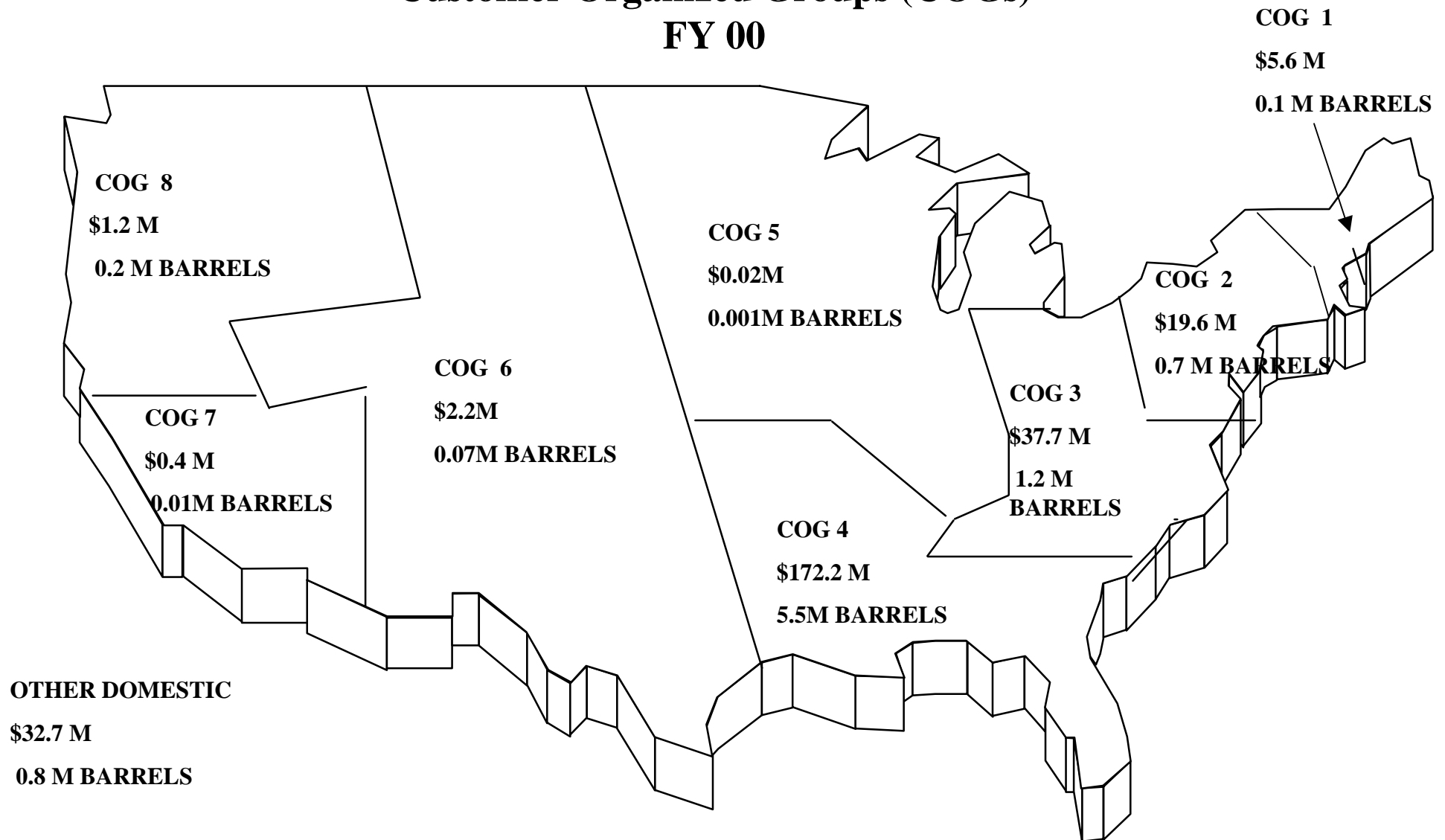
SOURCE: Procurement Planning and Support Division, Procurement Oversight Branch

DESC GROUND FUELS DIVISION

CONUS POSTS, CAMPS AND STATIONS

Customer Organized Groups (COGs)

FY 00



FY00

SOURCE: DIRECT DELIVERY FUELS COMMODITY BUSINESS UNIT

DESC PETROLEUM PROCUREMENT OCONUS POSTS, CAMPS, AND STATIONS FY 00



Domestic (CONUS)

- ✍ 341 CONTRACTS
- ✍ 2003 ACTIVITIES
- ✍ \$593 MILLION
- ✍ 26.2 MILLION BARRELS

Overseas (OCONUS)

- ✍ 54 CONTRACTS, 28 COUNTRIES
- ✍ 508 LINE ITEMS
- ✍ \$292 MILLION
- ✍ 8.2 MILLION BARRELS

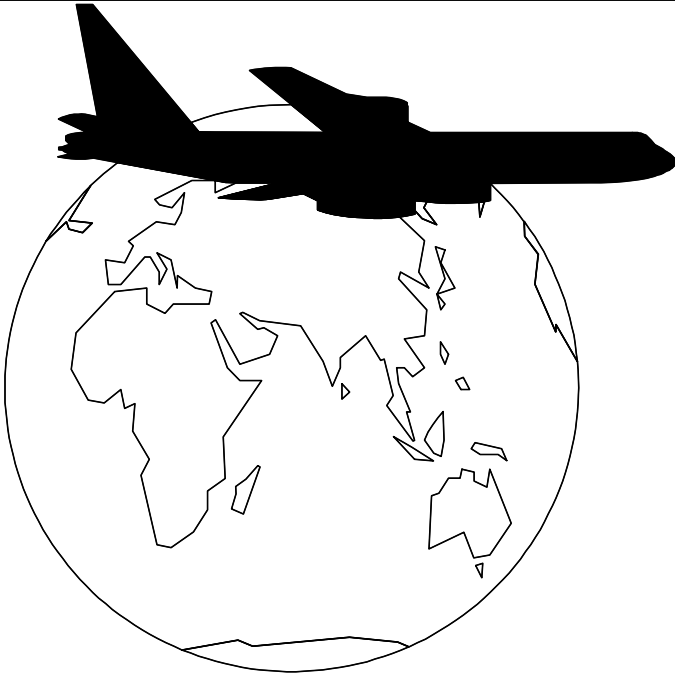
REPRESENTS ACTIVE CONTRACT DATA AS OF SEP 30, 2000

SOURCE: DIRECT DELIVERY FUELS COMMODITY BUSINESS UNIT

CONTRACT AWARDS AIRCRAFT INTO-PLANE FY 00

DOMESTIC (CONUS)

- 306 LOCATIONS SUPPORTED
- \$265 MILLION
- 6 MILLION BARRELS



OVERSEAS (OCONUS)

- 173 LOCATIONS (96 Countries) SUPPORTED
- \$176 MILLION AWARDED
- 4 MILLION BARRELS

REPRESENTS ACTIVE CONTRACT DATA AS OF 30 SEP 2000
SOURCE: DIRECT DELIVERY FUELS COMMODITY BUSINESS UNIT

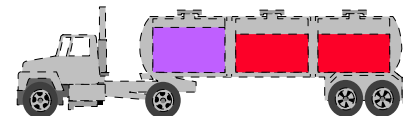
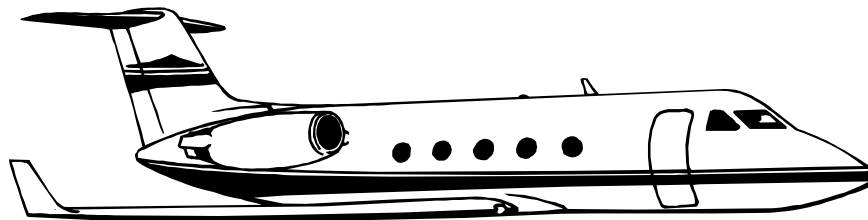
ALONGSIDE AIRCRAFT REFUELING FY 00

CONUS

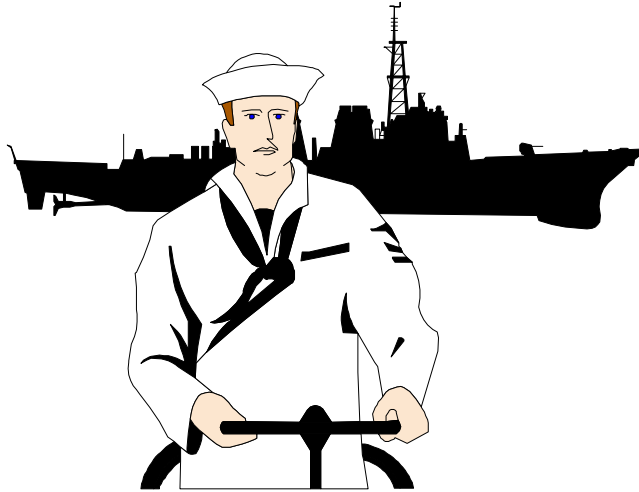
- 24 LOCATIONS
- \$23.7 MILLION IN CONTRACTS

OCONUS

- SOUDA BAY, CRETE
- \$429,000 IN CONTRACTS



CONTRACTS AWARDED FOR SHIPS' BUNKERS PROGRAM FY 00



DOMESTIC (CONUS)

- 128 PORTS UNDER CONTRACT
- \$54 MILLION AWARDED
- 2 MILLION BARRELS

OVERSEAS (OCONUS)

- 105 PORTS in 50 COUNTRIES
- \$52 MILLION AWARDED
- 2.3 MILLION BARRELS

REPRESENTS ACTIVE CONTRACT DATA AS OF 15Oct 00

SOURCE: DIRECT DELIVERY FUELS COMMODITY BUSINESS UNIT

MISCELLANEOUS PROCUREMENT ACTIONS

FY 00

TESTING

15 CONTRACTS

51 LOCATIONS

\$ 1 MILLION

MOORING

YUMURTALIK, TURKEY

\$20 THOUSAND

LABORATORY GOCO

PYONGTAKE, KOREA

\$ 256 THOUSAND

DOCK SERVICES

PT. TAMPA, FL

\$1.6 MILLION

NAVY MGO TESTING

WORLDWIDE

\$285 THOUSAND

NUMBER OF OPERABLE DOMESTIC REFINERIES BY SIZE (BY CALENDAR YEAR)

CRUDE DISTILLATION CAPACITY BARRELS/DAY	1986	1988	1990	1992	1994	1996	1997	1998	1999	2000	Change 1986-2000
LESS THAN 50,000	124	117	106	96	75	70	62	57	55	54	-70
50,000- 100,000	41	37	39	43	43	40	41	37	42	42	1
100,001- 175,000	27	29	31	30	29	24	25	26	25	24	-3
OVER 175,000	22	22	23	24	25	31	29	31	32	32	10
TOTAL	214	205	199	193	172	165	157	151	154	152	-62

Source for 1986-1994, 1997, 1999-2000: US Department of Energy

Source for 1996, 1998: Oil and Gas Journal

SMALL AND DISADVANTAGED BUSINESS UTILIZATION

Dollars in Thousands

Preference Programs	FISCAL YEAR 98			FISCAL YEAR 99			FISCAL YEAR 00		
	GOALS	PERFOR.	DOLLARS	GOALS	PERFOR.	DOLLARS	GOALS	PERFOR.	DOLLARS
SMALL BUS AWARDS	27.63%	28.20%	\$736,552	24.47%	26.60%	\$ 546,152	21.5%	22.30%	\$ 782,866
SMALL BUSINESS SET-ASIDE AWARDS	13.70%	13.00%	\$ 340,922	13.42%	9.90%	\$ 340.9	13.50%	9.10%	\$ 321,707
SMALL DISADVANTAGED BUSINESS AWARDS	6.80%	7.20%	\$ 190,478	5.74%	4.80%	\$ 100,048	5.00%	4.00%	\$ 139,808
DIRECT COMPETITIVE			\$166,884			\$ 96,466			\$131,103
SECTION 8(a)			\$ 23,594			\$ 3,582			\$ 8,705
WOMAN-OWNED SMALL BUS AWARDS	5.00%	1.60%	\$ 41,890	4.87%	0.60%	\$ 13,760	2.00%	0.04%	\$ 14,128
HUBZONE SMALL BUSINESS AWARDS				1.00%	0%	*	1.5%	0%	*
HISTORICALLY BLACK COLLEGES & UNIV. AWARDS	5.00%			5.00%	0%	*	5.00%	0%	*
TOTAL DOMESTIC AWARDS			\$2,610,751			\$2,045,720			\$3,518,268

Note: All percentages based on total domestic dollars awarded

* This Small Business category was not tracked during Fys 99/00.

** No awards made in this category due to nature of DESC acquisitions.

SOURCE: DESC SMALL BUSINESS OFFICE

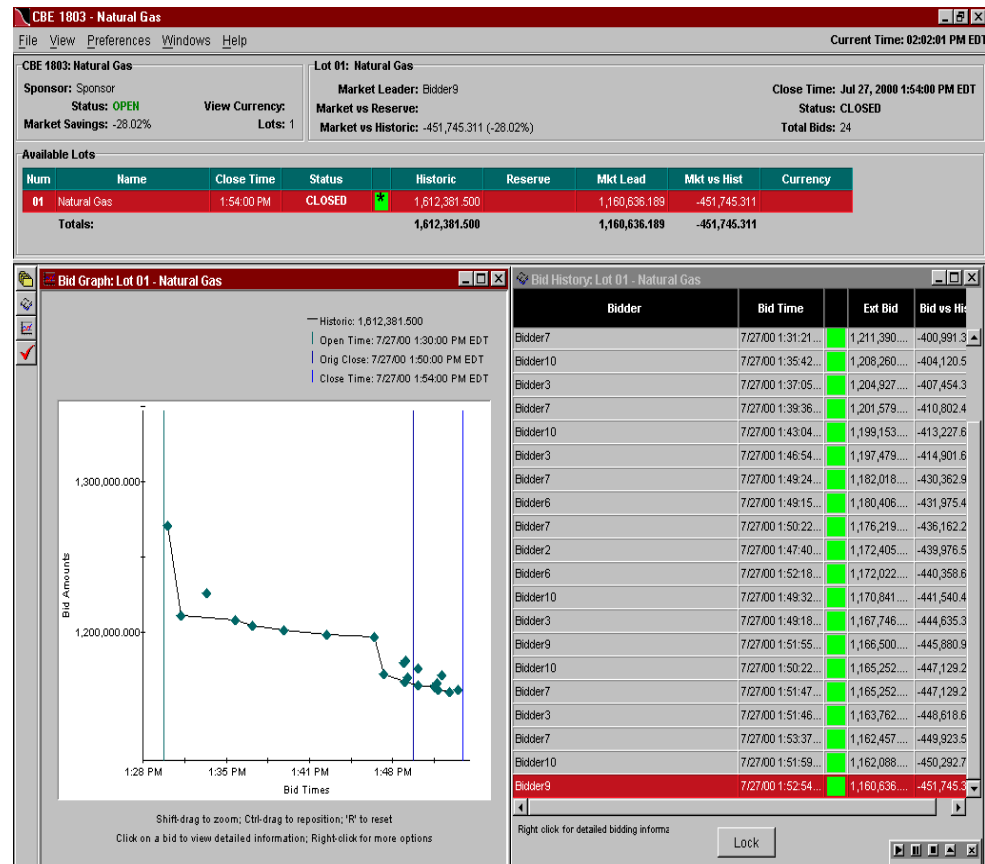
Natural Gas Program Highlights

On-line Reverse Auctioning

Natural Gas Monthly Buy Program Is DLA's Pilot

- Prices Bid Down via Internet
 - Contracting Officer runs procurement and awards contract
 - Auction is for pricing only
 - Northeast Monthly Buy Program
- 6 Gas Auctions – 3 Completed in FY00
 - August -- \$452K
 - September -- \$250K
 - October --\$607K

} Savings



DIRECT SUPPLY NATURAL GAS PROGRAM SUMMARY FY 00

Dollars and Dekatherms (DTH) in Millions

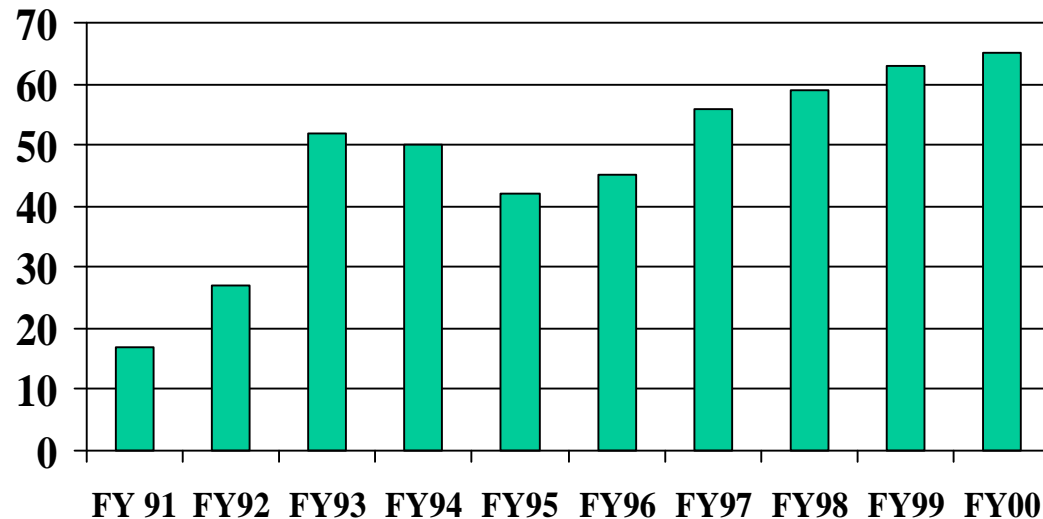
	TOTAL DTH	TOTAL VALUE
DWCF FUNDED	27.6	\$92.2
SERVICED FUNDED	28.0	\$94.9
TOTALS	55.6	\$186.3

Chart reflects Natural Gas use during FY00

Federal Civilian Agencies

NATURAL GAS PARTICIPATION & COST AVOIDANCE

HISTORICAL PARTICIPATION



FEDERAL CIVILIAN AGENCY COST AVOIDANCE

FY 91 - FY 00 = \$ 68.6M

FY00 Federal Civilian Agency Participants

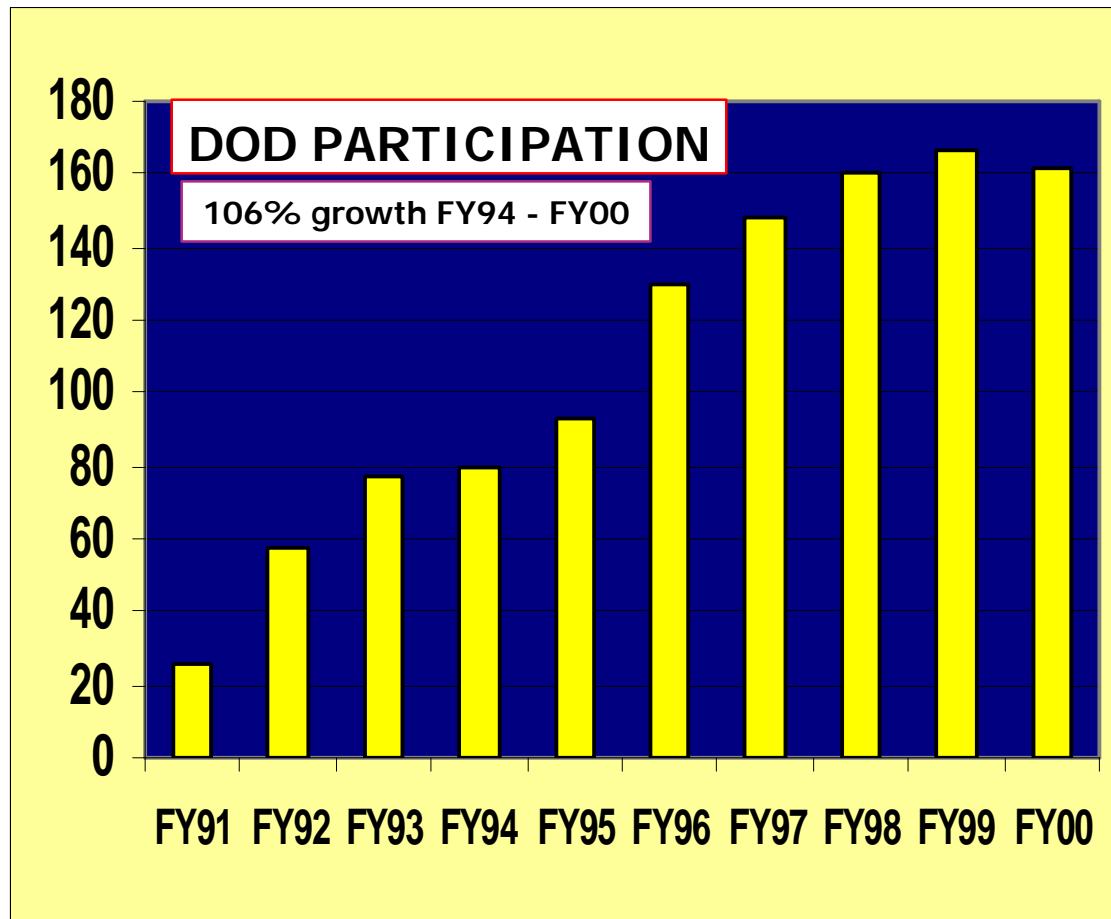
DoE	16
GSA	5
Veterans Administration	18
Bureau of Prisons	7
NASA	5
Others	13
Total	65

By partnering with DESC to procure direct supply natural gas, civilian agencies saved over \$7.4 million in FY00.



Department of Defense

NATURAL GAS PARTICIPATION & COST AVOIDANCE



DoD Natural Gas Cost Avoidance

	FY91-99	FY 00	Total
Army	\$ 68.9	\$ 13.8	\$82.7
Navy	\$ 65.7	\$ 9.1	\$74.8
Air Force	\$ 51.2	\$ 7.4	\$58.6
Other DoD	\$ 5.6	\$ 1.5	\$ 7.1
Total	\$ 191.4	\$ 31.8	\$223.2

(Dollars are in Millions)

FY 00 DoD Participants

Army	54
Navy	52
Air Force	43
DoD	13

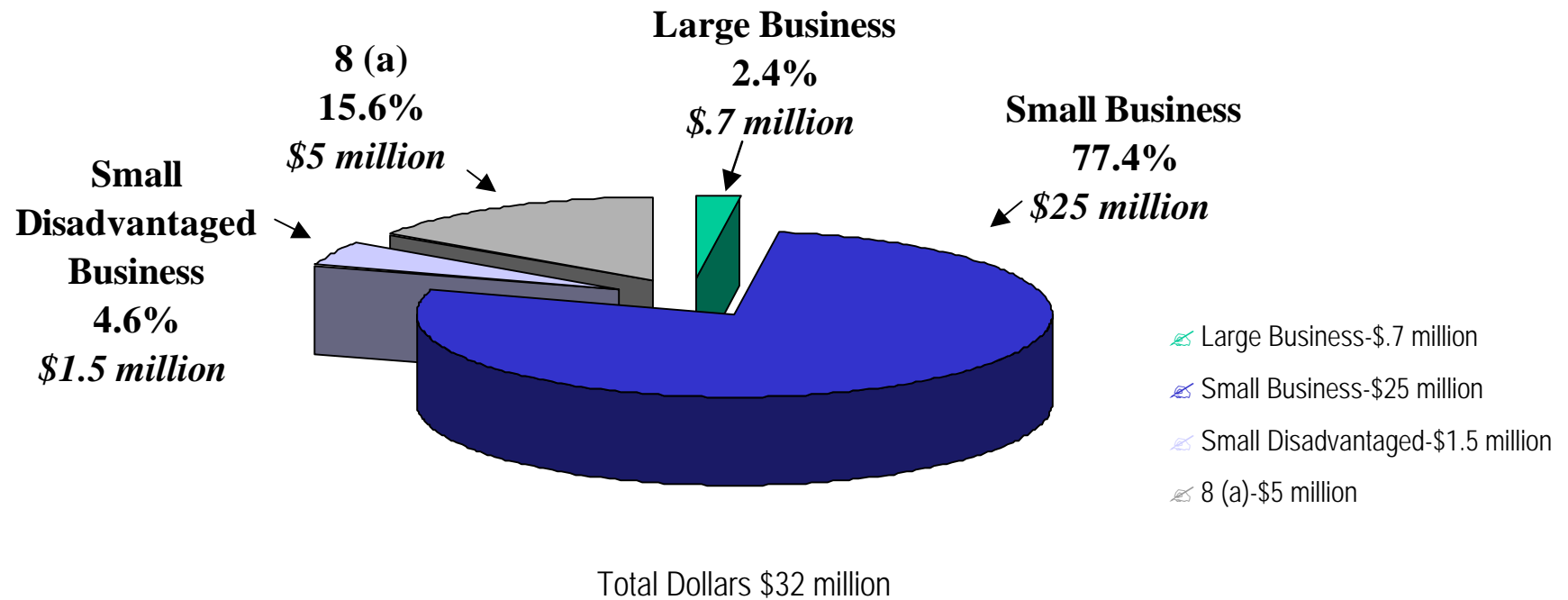
Total	162
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Coal – FY00

Summary of Procurement

	Short Tons	Requirement Dollars
Army	270,800	\$11.5 Million
Air Force	309,328	\$12.5
Navy	134,800	\$ 6.9
Other	23,000	\$ 1.1
Total	737,928	\$32 Million

**COAL AWARDS
FY00
DOLLARS AND PERCENT OF TOTAL DOLLARS**



DEMAND MANAGEMENT EFFORTS

**Utilizing Memorandum of Understanding
And Partnering with DOE
to Increase Customer Support for ESPCs**

Delivery Orders to be issued under DOE Super Regional ID/IQ Contracts

- **Fort Hamilton, New York**
- **Carlisle Barracks, Pennsylvania**
- **Fort Leavenworth, Kansas**
- **Aberdeen Proving Ground, Maryland**
- **Fort Bliss, Texas**
- **Fort Jackson, South Carolina**

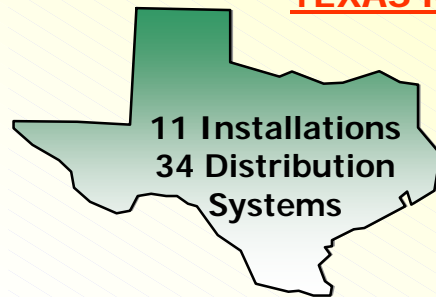
WHAT IS ESPC?

Energy Savings Performance Contracting (ESPC): The ESPC is a contract mechanism that is designed to utilize private industry financing for facility and building improvements that will lower energy consumption. The Energy Service Company (ESCO) guarantees and is only paid for its capital expenditure if energy savings are realized.

Energy in the Next Millennium: Construction Engineering Research Laboratory (CERL)-Engineer Research and Development Center presented an Energy Technology Workshop to the Defense Energy Support Center January 25-26, 2000. The workshop focused on Building Energy System Technologies; Water Conservation; Boiler Systems; District Heating Systems; Cooling Technologies, both conventional, - Chillers and Desiccants and non-conventional technologies - Thermal Storage and Ground Source Heat Pumps; Renewable Distributed Power Technologies - Wind Power, Photovoltaic Power, Sterling Engines.

Utility Systems Privatization Support FY 00

TEXAS REGIONAL DEMO



Electricity, nat gas, water,
wastewater

USAF: 7 sites
Army: 1 site
Navy: 1 site

- Directed in DRID # 49
- DESC Contracting Support for USAF
- DESC Business Mgr Role for Army and Navy
- DESC funded Air Force and Army studies

GEORGIA SITES:

Fort Stewart, GA (4 Systems)
Hunter AAF, GA (4 Systems)
Fort Gillem, GA (Nat Gas, W/WW)
Fort McPherson, GA
(Nat Gas, W/WW)

- Army/DESC partnership
- USACE Huntsville - Program Manager
- DESC - Contracting Support
- Cooperative effort with innovative business approaches

4 Installations
14 Distribution
Systems

3 Solicitations
Issued
24 Jun 99

OTHER INITIATIVES

ALASKA- JRUPP

- Fort Richardson
- Elmendorf AFB
- Army/Air National Guard



ARMY

AMC

- Adelphi Lab, MD
- Fort Monmouth, NJ
- Picatinny Arsenal, NJ
- Natick, MA
- Tobyhanna, PA
- Dugway Proving Ground
- Detroit Arsenal

RESERVES

- Fort Dix
- Kelly Reserve Center
- Fort Hunter-Liggett

OTHER ARMY

- MTMC
- MOT Sunny Point, NC
- FORSCOM
- Fort Irwin

TRADOC

- Fort Monroe
- Fort Story
- Fort Eustis
- Fort Lee
- Carlisle Barracks
- Fort Leavenworth
- Fort Jackson
- Fort Rucker

MEDCOM

- WRAMC
- Fort Detrick

PACAF

- Anderson AFB
- Hickam AFB
- Corporate, AK

MI

- Selfridge ANG
- Battle Creek ANG

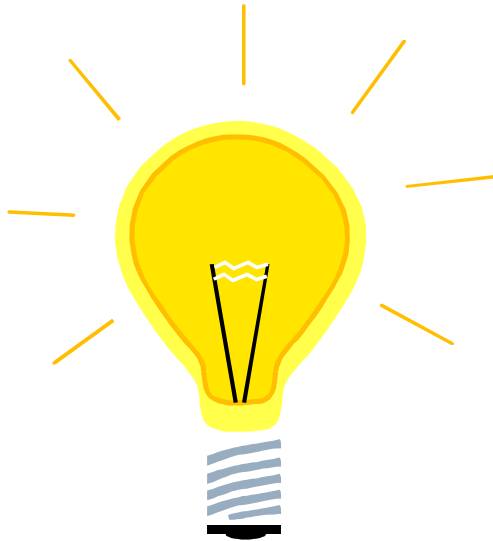
MA

- Hanscom AFB
- Westover ARB
- Otis and Barnes ANG

USAF

Reserve Command

DESC's Competitive Electricity Program



Cost Avoidance

California	\$ 1,343K
NY/CT/ME	\$25K
PA/NJ	\$1,287K
MD/DE	\$523K
TOTAL	\$3,178K

Customers

Reserves	169
Navy	93
Army	19
DOE	11
Air Force	5
Fed Civ	11
Other DoD	3
Air NG	3
TOTAL	314

	Solicited	Awarded
PA/NJ	749K MWh	184K MWh
MD/DE	986K MWh	206K MWh
NY/CT/ME	280K MWh	8K MWh
Illinois	431K MWh	0 MWh
Ohio	162K MWh	Pending
TOTAL	2,608K MWh	398K MWh

- Experience in all deregulated states
- Committed to issue solicitations as each state opens for competition
- Solicit requirements for all those requesting assistance regardless of load size (where permitted by state)

DESC's Competitive Electricity Program

Program Characteristics

- ✍ Flip of a light switch constitutes an order
- ✍ Flexible billing options (where available)
- ✍ Flexible Firm Fixed Price (FFP) contract pricing options

Basic Agreements

- ✍ Currently have 13 Basic Agreements (BA) in place
- ✍ Offerors with BAs need only to submit prices - technical ratings are kept on file

Basic Ordering Agreements

In States with established deregulated markets, Basic Ordering Agreement, similar to Basic Agreements, have been put in place to reduce the time between offer and award and provide maximum savings potential for our customers.

DEFENSE ENERGY SUPPORT CENTER

HIGHLIGHTS FOR FY00

PETROLEUM

Augmented Stockage Safety Levels: In preparation for the final phase of project 'Transition Stocks', a planned inventory draw down, DESC conducted a comprehensive analysis of demands and order/ship time for project locations. Since fuel is not a traditional 'backorder' type of commodity, DESC determined the most appropriate data distribution and applied a statistical based confidence interval to ensure that inventories on hand at these locations would meet approximately 98% of the expected demand variance. The net result of this action was to increase required Peacetime Operating Stock (POS) levels by approximately 4.4 million barrels over planned FY 2001 levels.

PowerTrack Implementation: In FY 2000, in support of DoD guidance to reengineer the Defense Transportation Documentation and Financial Processes, DESC implemented the PowerTrack system throughout the continental United States and Alaska. PowerTrack is U.S. Bank's web-enabled electronic shipment and payment system for tracking fuel shipments by various modes of transportation and ensuring payment to carriers in as little as 24 hours. The implementation occurred in record time with minimal disruption of daily workload. Since implementation, PowerTrack has helped eliminate the use of the Government Bill of Lading and truly revolutionized the way DESC does business with the carrier industry. DESC is developing an interface between PowerTrack and the Fuel Automated System, facilitating the integration of inventory and distribution information.

AIR Card Program: The Aviation Into-plane Reimbursement Card (AIR Card) Program continues to provide DESC's customers with expanded options for aircraft refueling and ancillary services at commercial airports worldwide. The AIR Card decreases overall operating costs to the Military Services by implementing best commercial practices and minimizes paper billing and program management through the use of Electronic Data Interchange (EDI). The AIR Card Program is a proven success from the customers' fiscal standpoint, with annual real savings exceeding \$4.8 million. The program continues to grow and remains an important component of DESC's future business practices. In January 2000, DESC tested the AIR Card point of sale reader equipment at selected military installations, with phased-in deployment slated for 2001.

Fleet Card Program: As DoD Program Manager and Policy Office for the Fleet Card Program, DESC has partnered with U.S. Bank to expand the program's ability to deliver world-class service to its ground fuels customers. DESC customers use the Fleet Card to obtain fuel, maintenance, and emergency road services. The 57,000 Fleet Cards issued to DoD vehicles are accepted at over 152,000 participating locations for fuel and at an additional 29,000 locations for vehicle maintenance. This program employs modern business practices and allows DESC to partner with industry in providing fuel and other services wherever customers are located. In addition, DESC analyzes the program's transaction data to negotiate lower pump prices for both GSA and DoD.

Bosnia Post, Camps, and Stations (PC&S) Program: DESC continues to meet the critical needs of its customers by providing Bulk Petroleum fuel support to U.S. and non-U.S. Forces participating in OPERATION JOINT FORGE in Bosnia-Herzegovina, Croatia, and Hungary. In executing U.S. responsibilities as Role Specialist Nation (RSN), DESC supplies all fuel for several participating nations. Due to the mission's nature and potential for hostilities at any time, DESC relies on suppliers that provide quality service in a timely manner at the "best overall value."

Additionally, DESC ensures fuel availability by awarding contracts requiring site delivery for large quantity, critical items to multiple contractors. The program's success is directly attributed to a team effort with DESC performing contract administration and ordering, Defense Finance Accounting Service serving as the paying office, and Defense Contract Management Agency performing quality assurance.

Italy PC&S: In May 2000, DESC expanded the Italy Posts, Camps and Stations Purchase Program with the award of 3 multi-year contracts to Agip Petroli S.P.A., Engycalor Energia Calore S.R.L. (an affiliate of Esso Italiana) and Rossetti S.P.C. The contracts support ground fuel requirements totaling nearly 100 million liters (26.4 million gallons) in more than 70 U.S. installations and bases located throughout the mainland of Italy, the island regions of Sicily and Sardinia, and other surrounding sites. The multiple contract awards resulted in savings of approximately \$2.1 million. DESC initiated new offer and evaluation procedures based on geographical regions that directly resulted in a savings of \$638,000 from the total \$2.1 million total savings.

Paperless Ordering & Receipt Transaction Screens (PORTS): PORTS is an Internet application tool that continues to revolutionize the way that DESC processes its fuel transactions. Its functionality includes ordering, receiving receipts, invoicing, transportation, quality, and inventory transactions. DESC-P continued the rollout of PORTS in FY00 to various Department of Defense customers located in the eastern U.S. (Customer Organized Groups (COGs) 2, 3 and 4). As a result, PORTS is being used to successfully process orders, receipts and invoices for over 200 customer line items valued at over \$29 million throughout the eastern half of the United States.

Requirements Data Call (RDC) and Contract Information System (CIS) Internet Applications: DESC has implemented the latest technology in the RDC for collecting customer fuel requirements over the Internet. The RDC has converted the manual, time-consuming, paper process to a 100% electronic, real-time, paperless process. In FY 2000, DESC successfully used the RDC system to collect fuel requirements for customers in the Germany PC&S and Hawaii PC&S programs. In August 2000, DESC used the RDC system to electronically issue over 280 fuel requirements worksheets to customers in Customer Organized Group 6. DESC will expand the RDC system to issue and collect data requirements as other fuel program contracts are renewed. The CIS is a web-based application providing customers and contractors with electronic access to the most recent contract award data. This allows for easy dissemination of contract information and replaces hard copy contract bulletins. In FY 2000, the DESC fully implemented CIS for Direct Delivery Fuels programs throughout the United States.

Defense Fuel Support Point (DFSP) Casco Bay, ME Success Story: DESC has managed the investigation and cleanup of DFSP Casco Bay. All tasks were completed either on time or ahead of schedule. The last remedial effort was completed in the fall of 1998. The Maine Department of Environmental Protection accepted Natural Attenuation and Long-Term Groundwater Monitoring as the final cleanup method. Long-Term Monitoring started in FY 2000 and will continue throughout the natural attenuation process until the groundwater achieves drinking water levels. Final site work included the installation of a replacement potable water supply well and funding the re-installation of electrical power throughout the site. Once the community, U.S. Navy, and DESC agree on the roles and responsibilities of each, this transfer is expected to take place in early FY 2001.

Phase IIB Capitalization And Retail Billing: During the second half of FY 2000, DESC took another step in the fuel capitalization program originally started in 1992 with the Integrated Material Management Plan. Phase IIB involves the capitalization of all ground fuels, non-capitalized jet fuels and DESC retail billing to the customers. DESC capitalized 100 sites from March to August 2000 including 80 new locations and transition to retail billing for 20 locations. DESC sponsored four capitalization conferences and numerous training sessions that trained over 150 people in preparation for capitalization. The capitalization effort will continue through FY 2002 concentrating on Air Force Ground fuels and retail billing.

DESC Supports 506 Draw Down: DESC supported the Presidential 506 Draw Down Program to provide fuel to Colombia and Peru for drug interdiction efforts. DESC provided \$13 million in fuel to Colombia and \$1 million in fuel to Peru. The Facility Commodity Business Unit (CBU) managed this effort, including the close coordination of requirements with the American Embassy in each country. The Bulk CBU provided product supply and tanker support. DESC Houston provided outstanding quality support, including a review of each country's facilities, and tanker loading and offloading inspections.

Automated Fuel Dispensing Facilities: DESC-F has awarded four contracts to provide for Automated Fuel Dispensing Facilities (AFDFs) at three Army sites at Fort Bragg, NC, Schofield Barracks, HI, and Fort Jackson, SC, and one Marine Corps site in 29 Palms, CA. These contracts provide for Contractor-Owned Contractor-Operated (COCO) facilities for vehicle refueling and bulk truck loading as called for by DESC's military customers. Two additional sites, one at Fort Stewart, GA, and one at Fort Gordon, GA, are currently being evaluated. If it is determined that AFDFs would be economical at these two sites, they will be provided through COCO contracts.

DFSP San Pedro, CA Groundwater Remediation Project: During FY 2000, DESC continued the prototype phytoremediation project at DFSP San Pedro, CA. This involves the use of plant roots to clean contaminated soil and groundwater through direct up-take and biodegradation of the contaminants. The project began in November 1998 and uses 110 poplar trees to remediate two small marine diesel plumes at DFSP San Pedro. In March 1999, further investigation revealed that it was a single larger plume. Consequently, a conventional pump and treat system and an active biovent system were installed in February 2000 to prevent the plume from spreading off-site. These mechanical systems only remove a portion of the contamination. Using phytoremediation in conjunction with the mechanical systems shortens the process with phytoremediation continuing to work even after the mechanical systems are turned off.

DESC Americas Supports POLEX 2000: The 475th Quartermaster (QM) Group completed its annual Petroleum, Oils and Lubricants Exercise (POLEX 00) on June 22, 2000, with support from all four DESC Regional Offices in the continental United States. The exercise was a complete success in accomplishing the overall mission and exercise intents. DESC issued more than 5.3 million gallons of fuel from Defense Fuel Support Points to the Military Services using 475th QM truck assets to transport the fuel. Estimates reveal that DESC realized a cost avoidance of \$120,000 in transportation costs by using military trucks in lieu of commercial trucks. Also, POLEX units stored and transported an additional 498,000 gallons of fuel. In all, POLEX 00 included 18 battalions and 71 units, and provided training for 4,531 soldiers, who drove over 283,000 miles.

Experimental Transportation Contract Test Ends: A joint DESC and Military Traffic Management Command experimental concept for contracting truck transportation at Defense Fuel Support Point (DFSP) Jacksonville, NJ, ended when the contract expired on March 31, 2000. The test procedure was a joint effort to streamline the way truckers are hired and paid for their services. The contract awarded a single trucker with all movements from the source (DFSP Jacksonville) to all customer locations for a one-year period. The test had limited operational success, but resulted in significant improvements in the shipment documentation and payment process. The test ended with DESC's implementation of the U.S. Bank PowerTrack freight payment system, which resulted in even greater enhancements to the payment process without many of the operational problems identified during the test.

DESC Fort Dix Assists With Six-Month JP5 Compatibility Test: From October 1999 to March 2000, DESC conducted a test to determine the compatibility of Naval aviation fuel samples taken from Defense Fuel Support Point (DFSP) Selma, NC, with Rolls Royce 406 Harrier aircraft engines. Samples delivered to DFSP Selma by Shell Oil were tested at the Navy jet engine test cell facility at Marine Corps Air Station Cherry Point, NC, to determine suitability of the fuel for use in Harrier aircraft equipped with the 406 engines. Shell Oil specifically blended by fuel to eliminate internal damage to the engines caused by previous fuel blends having a slightly higher molecular weight. During the test period, tests of 10 batches of the fuel produced no evidence of adverse effects to the engine.

Arizona Army National Guard (ARNG) Partners With DESC-LA: The 2222nd Transportation Company, from Tucson, Arizona, completed their fourth annual support exercise at Defense Fuel Support Point (DFSP) San Pedro, CA in July 2000. The unit transported more than one million gallons of fuel to DESC customers in Southern California without incident. The unit's safety record during the four years of operations at DFSP San Pedro has been outstanding. The unit has logged more than 300,000 combined miles during the annual training periods. In that time, there have been no accidents or injuries sustained due to driving. This enviable safety record is the direct result of the unit's driver-training program, an outstanding maintenance section, and senior NCO leadership.

DESC Houston Realigns Tankage At DFSP Houston: After much coordination and negotiation, DESC signed a contract modification that realigned tankage under revenue at Defense Fuel Support Point (DFSP) Houston to more effectively handle fuel throughput requirements. After a slight delay in the turnover of excess fuel tankage, there was a seamless transition to the new configuration. DFSP Houston is an essential gathering and throughput terminal in DESC Americas' distribution pattern. It is also vital to direct support of requirements in DESC Fort Dix and DESC St. Louis, both of which it supports by pipeline.

DESC Fort Dix Coordinates KC-10 Orientation Flights: DESC Fort Dix hosted U.S. Air Force KC-10 tanker orientation flights during January and September 2000, giving employees a first-hand look at aerial refueling operations. DESC employees received tours of the fuel flight operation at McGuire Air Force Base, NJ, and then flew on KC-10 tanker aircraft to witness actual in-flight refueling missions. Trips are coordinated with the Air Force each year to give DESC employees a greater appreciation of the fuels mission in the field.

DESC Europe Petroleum Laboratory Update: In July-August 2000, the DESC-Europe Petroleum Laboratory participated in the U.S. Air Force Petroleum Laboratory Correlation Program with outstanding results. The program ensures consistent test results between petroleum laboratories. The DESC-Europe lab's test results were 100% correlated for Lube Oil samples, making it one of two labs competing out of nine that received a 100% correlation score. For ground mobility fuel, the DESC-Europe lab had a 92% correlation, making it only one of six to score at or above a 90% correlation factor out of a total of 15 competing labs. The lab also has increased its testing capabilities with receipt of several new pieces of lab equipment, including the Ball on Cylinder Lubricity Evaluator (BOCLE) and X-ray Spectrometer. The BOCLE evaluates the lubricity of Aviation Turbine Fuel submitted to the laboratory from DESC Into-Plane contractors throughout Europe, Africa and the Middle East. It also supports U.S. Air Force units in Germany that currently send their semi-annual correlation samples to RAF Mildenhall in the United Kingdom. The X-ray spectrometer primarily measures sulfur and lead in jet fuel, gasoline, diesel and heating fuel in accordance with military and international fuel specifications.

Fuel System Icing Inhibitor Injection At Esso Augusta Bay: On August 15, 2000, Esso Augusta, Sicily, made their first delivery of JP5 to Defense Fuel Support Point (DFSP) Augusta utilizing line-injection of Fuel System Icing Inhibitor (FSII) during shipment. DESC negotiated this procedural change with Esso in order to give both the Contractor and the U.S. Government more flexibility, particularly in the face of upcoming restrictions to DFSP Augusta Bay's capabilities during facilities improvements scheduled during FY 2001. With the effective line-injection of FSII, Esso will eventually have the capability to by-pass the DFSP and ship directly to the customer, Naval Air Station Sigonella. Since this is a new evolution for Esso, DESC and Esso implemented extensive monitoring procedures to ensure product delivery on-specification. Shipments of this type will benefit both the contractor and the government.

North Atlantic Treaty Organization (NATO) Navy Ships' Bunker Fuel Initiative: In June 2000, DESC participated in a conference with the NATO Maintenance and Supply Agency (NAMSA) and NATO navy representatives to finalize plans to initiate a test where NAMSA will consolidate bunker fuel requirements for participating NATO nations into a single contract at various ports in Europe and Africa. DESC worked directly with NAMSA, and member nations to make this initiative a reality. Implementation will be in two phases. In the first phase, NAMSA will award contracts at various ports, offering fuel support to all NATO member navies. These contracts will mirror DESC contracts in all aspects including pricing. In Phase II, DESC will consolidate these requirements with United States requirements, and award a single DESC-administered contract, which should result in lower prices for all nations with the solicitation for larger quantities. The initiative supports the long-term NATO goal for increasing combined logistics between member nations.

Transportation Cooperation Agreement with U.S. Army, Europe: In October 1999, a Memorandum of Agreement (MOA) between DESC Europe and the 3rd Combat Support Command (COSCOM) became effective for 3rd COSCOM tanker-truck assets to line haul fuel to U.S. Army Europe customers, at no cost to DESC. This MOA provides real-world training missions for 3rd COSCOM subordinate organizations.

Capitalization of USAREUR Retail Sites: On July 11, 2000, DESC Central Europe received the first fuel orders from 200th Theater Support Command for retail gas stations being capitalized by DESC in Germany. The capitalization of 60 U.S. Army Europe retail gas stations required DESC Central Europe to change their ordering and accounting procedures. DESC Central Europe now assigns terminal release order numbers, and the transactions input into the Defense Fuel Automated Management System change from a fuel sale to a fuel transfer to the capitalized sites. At the end of each month, DESC Central Europe prepares receipt documents for each individual capitalized gas station summarizing the fuel transactions.

Africa Intermediate Staging Base Initiative: The U.S. European Command (USEUCOM) Deputy Chief of Staff for Logistics approved the final Africa Intermediate Staging Base (ISB) message and forwarded their requirements to the Joint Chiefs of Staff (JCS) J4 for approval and implementation. This initiative culminates a two-year effort by DESC and USEUCOM to refine capabilities and war fighter requirements with the goal of improving fuel support to U.S. Forces operating throughout Sub-Saharan Africa. Upon final JCS J4 approval, DESC will work the African requirements to develop the best means of meeting USEUCOM's requirements throughout the continent.

Fuel Support For NATO Headquarters - Sarajevo: DESC received a request from the supply officer at the NATO Headquarters in Sarajevo to find a solution to the high prices they were paying for heating fuel. Upon examination of their procedures, DESC discovered that NATO was purchasing fuel on the spot market and had no contractual relationship with a fuel supplier. DESC provided NATO with several options including the resupply of NATO fuel requirements from the United States under DESC's Role Specialist Nation (RSN) responsibilities, and the establishment of a cross-servicing arrangement with another NATO nation using NATO Standard Agreements.

Jet Propellant-Thermally Stable (JPTS) Meeting At Naval Air Station (NAS) Sigonella: DESC Europe and Air Force representatives visited Naval Air Station (NAS) Sigonella in June 2000 to discuss JPTS storage and resupply concerns. The Air Force had programmed eight 10,000-gallon secondary contained above ground tanks (SCAT) to replace the existing 150,000 gallon bladder farm in August 2000. This action would have reduced the JPTS storage capability by 70,000 gallons and raised operational concerns due to the long resupply time from Killingholme, United Kingdom. After much discussion, and DESC Europe encouragement, the group agreed to stage six 6,000-gallon bulk fuel containers (BFC) on-site as a short-term back-up storage/inventory prior to removing the bladders from operation. DESC Europe also suggested the Air Force explore increasing the JPTS storage capability at NAS Sigonella with additional SCAT tanks. The Air Force decided to transfer two 20,000 gallon SCAT tanks from the United States to NAS Sigonella to increase JPTS on-site storage capability at NAS Sigonella to 120,000 gallons.

NATO Collective Cost Share Initiative (CCSI): The North Atlantic Council (NAC) recognized that much of the war reserve materiel stored by the United States in the European theater supports European security requirements and authorized reimbursement to the United States for some of these costs. DESC determined fuel war reserves were eligible for reimbursement under this program and presented a summary of costs to maintain war reserve stocks in Europe to the Deputy Chief of Staff for Resources Management at U.S. Army Europe. DESC consolidated all costs for presentation to NATO, identifying \$30 million in FY 2000 costs eligible for reimbursement. Funding for the CCSI was included in the Supreme Headquarters Allied Powers Europe military budget at the midyear review, but due to shortfalls resulting from NATO operations in Bosnia and Kosovo, the priority for CCSI funding was insufficient to be included in the final budget. DESC will continue to monitor this and work to obtain reimbursement in future years.

Central Europe Pipeline System (CEPS) Funding Mechanism: In an effort to reduce the costs for United States participation in the CEPS, DESC took the initiative to propose a revised CEPS funding mechanism. DESC has been successful in eliminating rebates to the CEPS host nations for commercial contracts, maintaining the rebates on military storage and throughputs, and obtaining an agreement to establish performance contracts with the CEPS operating divisions mandating operation and maintenance cost reductions over the next five years. Also negotiated, but not finalized, is an agreement to reduce the United States' share of national contributions, with the share being reduced over the next five years. All nations have agreed to small reduction through 2002 resulting in savings of \$400,000 for the United States. Negotiations continue to further reduce the United States' share of contributions by FY 2005. If successful, this final step in the revised CEPS funding mechanism will save the United States \$1.5 million annually over current cost levels.

DESC – Yokota: During FY 2000, DESC-Yokota provided responsive, quality oriented, and cost efficient inland petroleum distribution/transportation from intermediate fuel storage terminals to authorized customers. They scheduled and monitored the delivery of over 237 million gallons of fuel to 15 Defense Fuel Support Points. Analysis of requirements by this office resulted in the reduction of rail tank cars from 125 to 110, with an annual savings of \$60,000. The office's installation of camlock adapters on the rail cars, provides the customers with enhanced offloading capability by reducing the setup and take down time. The office also monitors a trucking contract supporting all authorized customers on mainland Japan and manages and schedules the marine tanker MV Valiant. The DESC-Yokota Inventory Manager monitors 45% of the Pacific Theater petroleum inventory. In addition to the peacetime mission, the office provides energy expertise and the most up to date critical fuel inventory data and delivery schedules to U.S. Forces Japan during contingencies.

Contracting Command Korea IDIQ Contract: Officials from DESC-Taegu met with the Commander, U.S. Contracting Command-Korea (CCK) to discuss the implementation of a DESC / Naval Facilities Engineering Service Center (NFESC) Indefinite Delivery, Indefinite Quantity (IDIQ) contract for Korea. DESC-Taegu had requested the meeting to discuss the possibility of instituting an IDIQ contract with CCK and NFESC under a teaming arrangement where CCK awards all future contracts and NFESC conducts the Quality Control/Surveillance. The IDIQ will be mainly for civil engineering type projects, such as concrete spill abatement work and non-technical POL system related work. This process eliminates the need for a prime contractor and results in cost savings.

Storage At Umm Said, Qatar: Storage requirements were developed with U.S. Central Command for a 750,000-barrel petroleum storage facility at this location. A service contract was awarded to provide this new facility starting January 2002. There will be 650,000 barrels of JP-8 storage and 100,000 barrels of JP-5 storage. This contract is for 5 years with three 5-year options to renew.

Storage In The Mediterranean AOR: Storage requirements were developed and a contract awarded for an additional 600,000 barrels of JP-8 storage. Motor Oil Hellas (MOH) offered 700,000 barrels of storage and was awarded the contract. Total storage with MOH at Athens is now 1,750,000 barrels.

INSTALLATION ENERGY

Direct Supply Natural Gas: In FY00, the Installation Energy CBU Direct Supply Natural Gas Program (DSNG) generated savings of more than \$39M for customers receiving gas supplies from DESC contractors versus their local utility. The natural gas monthly buy program continues to generate savings for customers in the Northeast and South Regions. During FY00, DESC saved more than \$11.5M for the monthly buy program participants. Under the nationwide natural gas acquisition for FY01, DESC solicited and awarded both annual and multiyear requirements. The goal was to reduce the procurement and administrative costs associated with the existing procurement process, obtain lower competitive pricing, capitalize on operational efficiencies and promote long-term supplier relationships without sacrificing the cost avoidance realized by DESC Natural Gas customers over local utility prices. The success of this procurement strategy resulted in the Natural Gas Team being awarded the DLA Team Performance Award under DLA's 33rd Annual Recognition Program. Additionally, as DESC continues to identify new ways to take advantage of e-commerce, the Northeast Natural Gas Monthly Purchase Program presented a suitable testing ground for the use of on-line reverse auctioning. In July 2000, DESC Conducted the first DLA on-line reverse auction for the competitive procurement of 273,285 dekatherms of natural gas. The requirement covered 19 Department of Defense and Federal Civilian customers representing 35 accounts in Maryland, Virginia and the District of Columbia behind the Washington Gas utility system for delivery in August 2000. The pricing auction closed at 2:00 PM and the DESC Contracting Officer made an award to the successful contractor 15 minutes later. The procurement produced a cost avoidance of \$452,000 below the utility's sales tariff and \$.05 below the New York Mercantile Exchange August futures market price adjusted for transportation to the Washington Gas Light Citygate at the close of the auction. Competition increased from five historical suppliers to six, with active participation by all as prices were bid down. The pilot for natural gas is planned to run through Feb 01.

Coal: The DESC Coal Team completed awards for the first consolidated continental United States solicitation for bituminous coal. Five purchase programs were consolidated into one with the same ordering/delivery period. An increase of 1½ percent in as Received British Thermal Units per One Penny was achieved over the previous year awards for 11 Department of Defense installations and one Federal Civilian location. As a result of an aggressive marketing strategy, of the 18 contractor's offering, five were first time offerors. All locations received adequate price competition. The Team also negotiated a two-year extension on the Alaskan coal contract with Usibelli Coal Mine, the only producing coal mine in Alaska. Usibelli has been the exclusive contractor to Fort Wainwright, Clear Air Station and Eielson Air Force Base since the early 1960's. Negotiations resulted in bringing all three installations under the same ordering and delivery schedule in lieu of soliciting a two-year quantity for Clear Air Station and Eielson Air Force Base. This resulted in a savings of over \$10,000 in labor cost and a savings to the Air Force of \$550,560.

Energy Conservation Team Moves Forward on Energy Savings Performance Contract Projects FY 2000: In FY 2000, the DESC Energy Conservation Team significantly progressed in establishing Energy Conservation Projects for Army installations at Forts Hamilton, Leavenworth, Rucker, Bliss, Jackson, and Aberdeen Proving Ground. The projects are funded through a financing method that provides payments to the Energy Savings Company generated by the Energy Conservation Measures installed at the installation. A Memorandum of Understanding with the Department of Energy (DOE) gives DESC the authority to issue delivery orders under the DOE Super Regional Contracts. The procurements are a team effort between the Army, DESC, and DOE.

DESC Hosts U.S. Army Wind Energy Industry Forum: At the request of the Principal Deputy Assistant Secretary of the Army for Installations and Environment (PDASA(I&E)), DESC hosted an all day Wind Energy Industry Forum at the Headquarters Complex, Defense Logistics Agency, Fort Belvoir, Virginia, on August 3, 2000. The Conference focused on U.S. Army operations, an industry overview with various wind turbine applications, ownership and project development options, and ended with a roundtable discussion of how to overcome existing hurdles to a U.S. Army-Wind Industry partnership. The Forum ended with a roundtable discussion of how to overcome existing hurdles to a U.S. Army-Wind Industry partnership with projects developed and a commitment by the PDASA(I&E) to make progress in this area of renewable energy.

DESC Conducts Natural Gas On-Line Reverse Auctions: On July 27, 2000, DESC conducted the first of three on-line reverse auctions for competitive procurement of natural gas during FY 2000. The auctions are part of the Defense Logistics Agency On-Line Reverse Auction Pilot. In FY 2001, DESC has scheduled one reverse auction in each of the first four months. The first auction covered requirements for DoD and Federal Civilian customers in Maryland, Virginia, and the District of Columbia. DESC made a contract award to Washington Gas Energy Services 15 minutes following the close of the pricing auction, which produced a cost avoidance in excess of \$1,000,000.

DESC Hosts Department of Defense Utility Privatization Industry Forum: On April 4-5, 2000, the DESC Utility Privatization Team hosted a Utility Privatization Industry Forum on behalf of Mr. Randall Yim, Deputy Under Secretary of Defense (Installations). The first day of the Forum focused on electricity and natural gas utility distribution systems, while the second day focused on water and wastewater utility distribution systems. The Forum was structured in "hearing style" allowing industry representatives the opportunity to present oral and written statements regarding the Department of Defense (DoD) Utility Privatization Program. Over 250 individuals representing various segments of the regulated and non-regulated utility system industry attended the Forum.

DESC/U.S. Air Force Utility Privatization Partnership: The DESC and U.S. Air Force (USAF) Utility Privatization Partnership evolved from the initial cooperation achieved in developing the Texas Regional Demonstration (TRD) project. The TRD initially began with a request by the USAF for DESC to provide contracting support for four USAF bases in the San Antonio area. The TRD effort eventually became a joint regional demonstration project covering a total of 11 Military installations 34 utility distribution systems. As a result, DESC provides support to over 80 USAF installations, reflecting over 300 utility distribution systems. The partnership has also led to the development of a template Request for Proposal for all USAF utility privatization requirements. DESC issued a total of nine solicitations for utility privatization support for USAF customers.

Streamlined Utility Privatization Process for Air National Guard: DESC partnered with the Air National Guard Readiness Center and the Air Force Civil Engineering Support Agency to develop a streamlined approach to utility privatization for the Air National Guard (ANG) utility privatization program. The ANG streamlined utility privatization process was developed due to the relatively small size of the majority of the ANG sites and their associated utility distribution systems, and the need/desire to pursue a scaled back and cost efficient utility privatization program. Over 55 ANG installations, reflecting over 180 utility distribution systems are included in this program. To date, DESC has issued four regional solicitations covering 15 installations and 41 utility distribution systems.

DESC/U.S. Army Utility Privatization Partnership: During FY 2000, DESC continued to expand its support to the U.S. Army in privatizing utilities. This effort began in 1998 when the U.S. Army Assistant Chief of Staff for Installation Management (ACSIM) and Defense Logistics Agency agreed to a DESC and the U.S. Army partnership to provide centralized contracting and support services for the utility privatization program. DESC support services have expanded to more than 30 installations and over 115 utility distribution systems. DESC completed development of a template Request for Proposal to streamline DESC-led acquisitions on behalf of Army utility privatization requirements and provide for a more balanced approach between the regulated and unregulated segments of the industry. In addition, at the ACSIM's request, DESC awarded nine Indefinite Delivery/Indefinite Quantity (ID/IQ) utility system privatization analytical support services contracts on September 27, 1999. DESC administers the contracts and is the focal point for establishing new delivery orders. Six delivery orders are in place at Army installations for support of the up-front technical and feasibility studies that are performed on the utility distribution systems.

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DEFENSE ENERGY SUPPORT CENTER

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